PART III – CHILD CARE SERVICES OFFERED

Section 3.1 – Description of Child Care Services

REMINDER: The Lead Agency must offer certificates for services funded under 45 CFR 98.50. (98.30) Certificates must permit parents to choose from a variety of child care categories, including center-based care, group home care, family child care and in-home care. (§98.30(e))

3.1.1 – Certificates, Grants, and Contracts

In addition to offering certificates, does the Lead Agency also have grants or contracts for child care slots?

Most States administer the bulk of their Child Care and Development Fund (CCDF) services funds via child care certificates. But many Lead Agencies reported that they also negotiate contracts or grants for direct services and/or reserve "slots" for specific populations. These efforts are summarized below.

- Twenty-six States (AZ, AR, CA, CO, CT, DC, FL, GA, HI, IL, IN, KY, ME, MA, MS, NV, NH, NJ, NY, OR, PA, PR, SC, SD, VT, WI) reported that they award grants or contracts for child care slots. Many of these initiatives are limited to specific populations or are not available Statewide.

  Arkansas provides grants for child care services so that low-income working families can access high-quality care through the Arkansas Better Chance (ABC) programs. Any licensed provider meeting the ABC criteria and Quality Approval/Accreditation standards can participate in this program.

  California uses 11 percent of its direct services child care funds for contracts with child care centers and family child care home networks through the California Department of Education.

  Massachusetts ensures access to child care through a system of contracts, vouchers, and special programs targeting the hard to serve (homeless, second and third shift employees, and families with mental health needs). Its comprehensive contract system is designed to provide a stable source of revenue to child care providers and family child care systems, and to guarantee access to child care for CCDF-funded children.

  New Jersey contracts with approximately 480 local community-based agencies that provide child care services to over 36,000 children for infant/toddler, preschool, before-and after-school programs, kindergarten, school-age child care services, and summer camps. These contracts include child care programs who operate in the Abbott School Districts to implement full-day/full-year preschool and wrap-around child care services.

  Puerto Rico operates an annual request for proposal process for grants and contracts for a wide range of child care services, including extended-day Head Start centers, child care networks combining centers and family child care, school-age child care, and family child care networks.

States use grants and contracts for a variety of reasons. In many cases, grants and contracts are used to ensure child care services for targeted populations or to support specific programs or types of care.

TABLE 3.1.1
STATE USE of GRANTS and CONTRACTS for CHILD CARE SLOTS

Type of Use	Number of States
Wrap-around child care for children in Head Start and pre-K	9
Before- and after-school child care	8
Child care programs serving children with special needs	6
Migrant child care	3
Child care for teen parents	3
Services to families participating in TANF activities	3

Source: Information compiled from State CCDF Plans, FY 2004-2005.

- Nine States (GA, IL, KY, ME, MA, MS, NJ, PR,VT) contract for wrap-around child care for children in Head Start and/or prekindergarten programs. These contracts are intended to meet the extended day/full-year needs of working parents.

- Eight States **(**GA, HI, IL, MA, NV, NJ, PR, SC) contract with before- and after-school child care programs.

  South Carolina allocates funding for before- and after-school child care services through a grant with the State Department of Education.

- Six States (AZ, HI, IL, OR, SC, VT) contract with programs to serve children with special needs.

- Four States (CO, NY, PA, WI) allow local agencies the option of negotiating contracts with child care programs.

  Pennsylvania allows its voucher management agencies, called Child Care Information Services (CCIS) agencies, to negotiate contracts with providers that serve special populations or to ensure the availability of child care in neighborhoods or specific areas. The total amount of funds committed to sub-grants may not exceed 20 percent of the CCIS budget.

- Three States (OR, PA, WI) contract for child care for migrant worker families.

- Three States (HI, OR, PA) contract for child care for teen parents.

- Three States (HI, SD, WI) reported that they negotiate contracts or make special provisions for families participating in welfare reform.

  South Dakota contracts for child care in Rapid City, where the State serves an above-average number of Temporary Assistance for Needy Families (TANF) families. The program allows TANF recipients to begin work/job search activities immediately while having the assurance of quality child care.

- Two States (HI and WI) contract to provide on-site child care to help parents participate in required employment-related activities.

- Two territories (GU and VI) contract for child care services.

  Guam contracts with the Department of Education for wrap-around and campus child care, and with the Department of Youth Affairs for after-school programs.

  The **Virgin Islands** contracts with child care programs that are part of an established partnership between CCDF programs, Head Start, and private child care centers, in order to provide families with all-day, year-round services.

3.1.2 – Limitations on In-Home Care

The Lead Agency must allow for in-home care but may limit its use. Does the Lead Agency limit the use of in-home care in any way?

- Seventeen States (AZ, CO, CT, IL, LA, MD, MN, MS, MO, NM, OH, OK, OR, PA, SC, UT,WY) reported that they do *not* limit in-home care in any way.

- Thirty-five States (AL, AK, AR, CA, DE, DC, FL, GA, HI, ID, IN, IA, KS, KY, ME, MA, MI, MT, NE, NV, NH, NJ, NY, NC, ND, PR, RI, SD, TN, TX, VT, VA, WA, WV, WI) reported that they limit the use of in-home care in some way. Most of these States limit use of in-home care for financial reasons. Information on health and safety requirements in State licensing regulations applying to in-home care can be found in Sections 6.1–6.5.

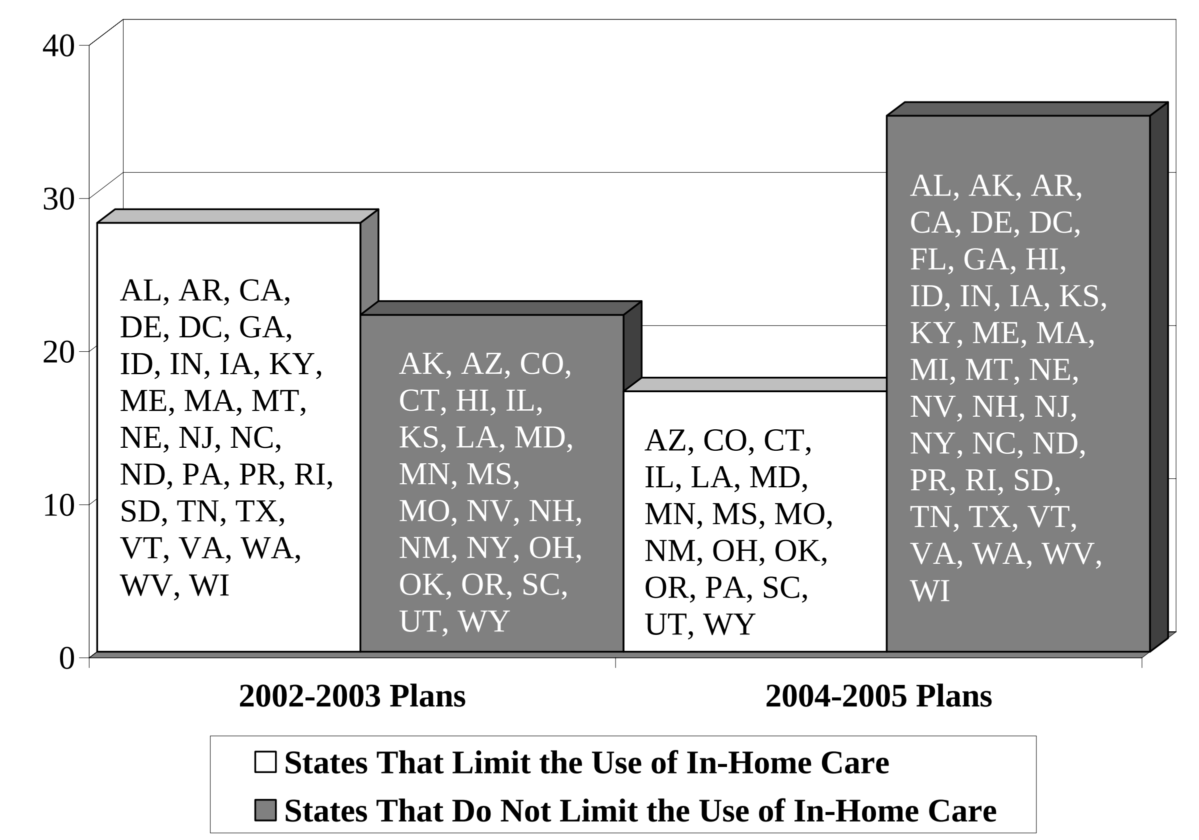
  Financial Limits

States establish financial limits on the use of in-home care to ensure simultaneously that costs are reasonable and that the in-home provider receives at least the minimum wage, which is required by labor laws. In some cases, the cap is established by specifying a minimum number of children who must be served.

- Seven States (HI, IN, IA, NC, PR, VA, WV) indicated that they required in-home providers to meet minimum wage laws or the Fair Labor Standards Act.

West Virginia limits the use of in-home care to ensure compliance with the State and Federal wage and hour laws. In-home care is limited to cases where payments equal minimum wage.

CHART 3.1.2
LIMITATIONS on IN-HOME CARE



Source: Information compiled from State CCDF Plans, FY 2002-2003 and FY 2004-2005.

- Six States (DE, ID, IN, IA, NE, WI) set restrictions related to the minimum number of children in care.

- Five States (ID, IN, IA, NE, WI) set the minimum number at three children.

- One State (DE) sets the minimum number at four children.

TABLE 3.1.2 LIMITATION on the USE of IN-HOME CARE			
Limitation on In-Home Providers	**States Reporting 2002-2003 Plans**	**States Reporting 2004-2005 Plans**	**Change**
Must Serve Four or More Children	3	1	-2
Must Serve Three or More Children	4	5	1
Must Serve a Sufficient Number of Children to Meet Federal Wage Laws	5	7	2

Source: Information compiled from State CCDF Plans, FY 2002-2003 and FY 2004-2005.

Other Limits

Some States allowed use of in-home care under certain circumstances.

- Seven States (ID, NE, NV, ND, PR, WV, WI) allowed use of in-home care when a child's special needs or medical condition warranted it.

  Idaho and **Wisconsin** limit the use of in-home care only when there are less than three children who need care, but make exceptions when the child has a verified illness or disability or when out-of-home care is not available.

  Nebraska allows the use of in-home care when three or more children from the family are in care, when the child has special needs, or when the care needed is for nontraditional hours (evening, overnight, weekends, and holidays).

  North Dakota limits in-home care to care of children seriously ill or with disabilities so severe that it is risky to take the child out of the home.

3.1.3 – Extent of Service

Are all of the child care services described in 3.1.1 above (including certificates) offered throughout the State? (658E(a), §98.16(g)(3))

- Forty-six States (AL, AK, AR, CA, CO, CT, DE, DC, FL, GA, ID, IL, IN, IA, KS, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NM, NY, NC, ND, OH, OK, OR, PA, PR, RI, SD, TN, TX, UT, VT, VA, WV, WI, WY) reported that child care services, including certificates, are offered throughout the State.

- Six States (AZ, HI, KY, NJ, SC, WA) indicated that child care services are not offered uniformly in all parts of the State. In general, they reported that contracts for child care were not in place in all areas of the State.

Arizona provides certificates throughout the State, but child care via contracts is not occurring in all counties, although providers in all counties had an opportunity to apply for contracts.

Kentucky offers certificates throughout the State, but its contracted services in conjunction with the Head Start collaborative effort serve only seven sites.

New Jersey was directed in a court case (*Abbott v. Burke*) to provide early childhood education in the State's 30 poorest school districts, with many of the programs to be housed in child care centers in order to meet parents' needs. Therefore, New Jersey has these child care contracts available only in those districts.

Section 3.2 – Payment Rates for the Provision of Child Care

The statute at 658E(c)(4) and the regulations at §98.43(b)(1) require the Lead Agency to establish payment rates for child care services that ensure eligible children equal access to comparable care.

The following is a summary of the facts relied on by the State to determine that the attached rates are sufficient to ensure equal access to comparable child care services provided to children whose parents are not eligible to receive child care assistance under the CCDF and other governmental programs. Include, at a minimum:

- *The month and year when the local market rate survey(s) was completed. (§98.43(b)(2))*
- *How the payment rates are adequate to ensure equal access based on the results of the above noted local market rate survey (i.e., the relationship between the attached payment rates and the market rates observed in the survey): (§98.43(b))*
- *Additional facts that the Lead Agency relies on to determine that its payment rates ensure equal access include: (§98.43(d))*
- *If the payment rates do not reflect individual rates for the full range of providers –- center-based, group home, family and in-home care –- explain how the choice of the full range of providers is made available to parents.*

Market Rate Surveys

States are required to ensure that families receiving child care assistance have equal access to comparable care purchased by private-paying parents. The Market Rate Survey (MRS) is a tool States use to achieve this program objective. States must conduct a local MRS every two years and must use its results to inform the rate structures they establish.

Timing of the Survey and Implementation of New Rate Ceilings

In most States, the MRS is conducted every two years as required, but some States do so more often and may use rate information recorded in licensing data or resource and referral data. Usually, there is a brief lag between the date of the survey and the implementation of revised rate ceilings; however, in some States implementation of revised reimbursement rate ceilings, a process that may involve legislative action, can take more than a year to complete. As shown in Chart 3.2-A, 46 percent of States submitted rate schedules that predated the survey (i.e., that showed no change based on the most recent MRS), up from 32 percent doing so in FY 2002.

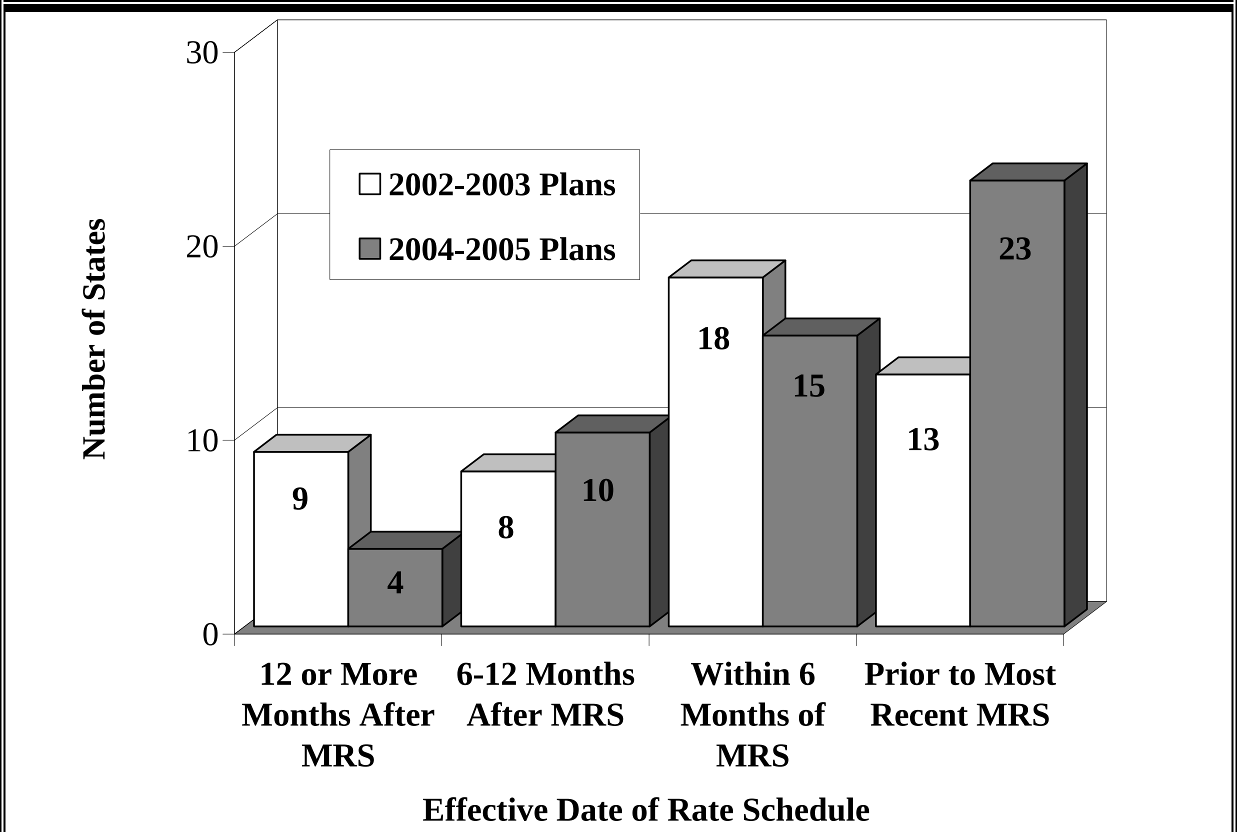
Several States explained that fiscal pressures and other policy choices weighed against increasing rates.

- Two States (TN and WI) reported that they survey the child care market annually.

How the Market Rate Survey is Conducted

While States have long conducted the Market Rate Survey in house, in recent years more have been partnering with consulting firms, universities, and resource and referral agencies to acquire and analyze market rate data.

CHART 3.2-A
EFFECTIVE DATE of RATE SCHEDULE RELATIVE to MOST RECENT MARKET RATE SURVEY



Source: Information compiled from State CCDF Plans, FY 2002-2003 and FY 2004-2005.

Note: N = 48 in FY 2002-2003 Plans and N = 52 in FY 2004-2005 Plans.

- Child care resource and referral agencies (CCR&Rs) assist with the Market Rate Surveys in at least seven States (AR, ID, IN, IA, MD, MN, UT).

  The Lead Agency in **Idaho** conducted a Statewide survey of child care providers to determine rates charged. Surveys were mailed to all providers who were listed with child care resource and referral agencies. Data from the completed surveys were entered into NACCRAware, a Web-based information management system.

In **Indiana**, Market Rate Survey information was collected during February 2003 through an electronic data transfer of licensed provider rate information from the local child care resource and referral database.

For the 2000 and 2002 surveys, **Iowa** partnered with its CCR&R network to collect provider rate data from across the State. The CCR&Rs maintain data using a uniform format for every county on all regulated providers and nonregulated providers who request to be on the CCR&R referral database. The database is maintained and updated annually on rates charged to parents. Within the Lead Agency, the Bureau of Research and Analysis coordinates and provides an analysis of the Market Rate Survey.

A Market Rate Survey was conducted by the **Maryland** Committee for Children (MCC) under its contract with the Department of Human Resources to operate the Maryland Child Care Resource and Referral Network. MCC maintains a Statewide database of all regulated child care programs in the State, including licensed family child care homes and child care centers and has developed a program to calculate the mean, median, and 75th percentile of the market.

- Seven States (AL, AK, PA, SD, TN, WV, WI) indicated that the Market Rate Survey was conducted by the Lead Agency alone or in concert with another State office.

During the summer of 2003, **Pennsylvania** conducted a Market Rate Survey. To complete an analysis, the responses from the survey were entered into the new Child Care Management Information System (CCMIS), which includes a Statewide regulated child care provider database. The analysis included determining the percentiles of the maximum child care allowance—effective October 2001—for every county, care level, unit of care, and provider type.

A two-page survey has been developed by the **South Dakota** Department of Social Services, Office of Child Care Services, to obtain current information on child care in South Dakota. The survey was designed to collect data based on variables such as provider type, full and part-time status, enrollment, age group, and geographic location. The survey was administered by the South Dakota Department of Labor, Labor Market Information Center.

Tennessee performs an annual market rate analysis of Statewide child care, with the latest being completed in July 2002, for purposes of planning the State Fiscal Year (SFY) 2003-2004. This market analysis was from data tabulated from the Lead Agency's child care information database of all regulated child care providers across the State and represents all geographic regions within the State.

West Virginia's latest Market Rate Survey was completed in June 2003. The survey questions are included on a child care provider information form that is completed as part of the application and renewal application process for all providers. The information is then entered into the Family and Children's Tracking System, and a report may be generated whenever needed.

➢ Six States (HI, KS, ME, NH, NY, RI) reported that a consulting firm was engaged to conduct the Market Rate Survey.

➢ Four States (CT, DC, NC, WA) reported that universities were engaged to conduct the Market Rate Survey.

Ensuring Equal Access

Both the Personal Responsibility and Work Reconciliation Act (PRWORA) of 1996, which authorized CCDF, and the CCDF Final Rule require that child care subsidy payment rates must be sufficient to provide eligible families with equal access to child care services available to families that do not receive subsidies. In promulgating the Final Rule, the Child Care Bureau, Administration for Children and Families, U.S. Department of Health and Human Services, suggested a benchmark that payments established at least at the 75th percentile of the Market Rate Survey "would be regarded as providing equal access."[8] At the 75th percentile, the cap would equal or exceed the rate charged by three out of every four of the providers who responded to the State's Market Rate Survey. In the FY 2002-2003 CCDF Plans, most of the States reported that they believe their rate ceiling ensures that families who receive child care assistance have equal access to comparable child care services provided to children whose parents are not eligible for public subsidies. In addition to such estimates of the "buying power" of subsidy payments, about a quarter of the States also pointed to the extent to which providers participate in the child care subsidy program, or to the mix of types of providers participating in the subsidy program, as an indication of equal access to the range of child care services available.

➢ Twenty-three States (AK, AZ, AR, CA, ID, IN, IA, KY, MD, MI, MN, MT, NY, ND[9], OH, PA, PR, RI, SC, SD, UT[10], WI, WY) and three Territories (AS, CNMI, VI) indicated that they cap reimbursement rates at the 75th percentile of a local Market Rate Survey or higher. However, eight of these States (AK[11], AZ[12], ID[13], IA[14], MD[15], MI[16], MT[17], PA[18]) reported that rates were established at the 75th percentile of a *prior year* Market Rate Survey.

In January–April 2002, **Alaska** conducted a Market Rate Survey. It found generally that during the six- to eight-month period after implementation of the July 1, 2001 rate increase,

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[8] The Statute at Section 658E(c)(4)(A) requires the Lead Agency to provide a summary of the facts which relied on to determine if its payment rates are sufficient to ensure equal access. The CCDF Final Rule, 45 CFR Parts 98 and 99, appeared in the *Federal Register*, July 24, 1998; §98.43 addresses the equal access requirement and the quote appears on p. 39959.
[9] For center/group homes in North Dakota, rates are established above the 75th percentile; for family child care, rates are above the 70th percentile, except for the age range 3–12 years (which is $9.00 below the 70th percentile).
[10] Utah reported: "Payment rates under the CCDF block grant are calculated using rates established at the 75th percentile by local Market Rate Survey. Surveys are completed every two years. … The 2002 Local Market Rate Survey indicated that the current rates are comparable with the market; therefore, no changes have been made at this time."
[11] Rates established at 75th percentile of December 2000 survey.
[12] Rates established at 75th percentile of 1998 survey.
[13] Rates established at 75th percentile of 2000 survey.
[14] Rates established at 75th percentile of December 1998 survey.
[15] Rates established at 75th percentile of January 2001 survey.
[16] Rates established at 75th percentile of 1999 survey.
[17] Rates established at 75th percentile of 2000 survey
[18] Rates established at 75th percentile of 2001 survey.

rates set at the 75th percentile became the 50th percentile. It also found that in one geographic region the rates were mistakenly set well above the 75th percentile; this rate also became the 50th percentile less than eight months later. It appears that the State rates are driving the market rates in this low-population State. The Lead Agency has proposed to change its rate-setting policies and use a tiered reimbursement system. This proposal is currently being considered. In the meantime, the Lead Agency will use its current rate schedule effective July 1, 2001. Most rates will be at the 50th percentile level of the April 2002 Market Rate Survey.

In **Arizona,** an updated Child Care Market Rate Survey was completed in December 2002. Arizona has 144 unique maximum reimbursement rates that apply to child care centers, certified group homes and certified small family homes. Of these 144 rates, 58 percent are equal to or above the 50th percentile of the 2002 Child Care Market Rate Survey.

In conducting the **California** regional Market Rate Survey of licensed centers and family child care homes, the rate data by enrollment was weighted to reflect the number of children a provider serves at each rate. Thus, the reimbursement ceilings reflect child care slots and not child care providers. Provision 7(c) of item 6110-196-0001 of the Budget Act of 2003 required the California Department of Education to change the reimbursement ceiling to the 85th percentile of the Market Rate Survey of providers offering the same type of child care for the same age child. Therefore, subsidized families have access to 85 percent of the child care market in their area. Full-time, in-home, and license-exempt ceilings were calculated by applying an adjustment factor of 0.90 to the full-time family child care home ceiling.

Maximum rates were not changed in **Idaho**, but continue to reflect the 75th percentile of the last Market Rate Survey. The current rate, which became effective January 1, 2001, equates to an average of the 61st percentile of the most recent survey.

Rhode Island State law mandates that the Department of Labor and Training (DLT) conduct or certify a child care Market Rate Survey of licensed and certified child care providers biennially and forward the results to the Department of Human Services (DHS). The current survey, conducted by the University of Rhode Island with input from DLT, DHS, and child care providers, was submitted to DHS in July 2002. Reimbursement rates for regulated providers are determined by applying the 75th percentile of the Market Rate Survey responses. The statute requires that DHS Child Care Assistance Program (CCAP) rates be adjusted to the 75th percentile of Market Rate Survey results every two years.

- Twelve States (AZ, DE, KS, MA, MI, NV, NM, ND, OH, RI, VT, WI) and one Territory (AS) pointed to the extent to which providers participate in the child care subsidy program, or to the mix of types of providers participating in the subsidy program, as an indication of reasonable access to the range of child care services available.

Arizona families have access to and a choice of a full range of child care providers as evidenced by the fact that approximately 86 percent of licensed centers, certified group homes, and all certified small family child care homes have Registration Agreements with the Arizona Department of Economic Security (DES) for reimbursement for care and therefore are available to provide care to children of eligible families. As a result, families have access to the vast majority of child care providers in the State. A further indication (that the State provides equal access) can be seen by the patterns of utilization of care across different types of providers. Currently, of all the children receiving CCDF child care through DES, 72 percent receive care in child care centers; 6 percent receive care in certified groups; 9 percent receive care in small family child care homes; and 13 percent receive care that is provided by unregulated relative providers.

In **Delaware**, the rates the Lead Agency pays range from 62 to 76.5 percent of the local market rate for homes and from 56 to 72 percent of the local market rate for centers. Providers serve children in subsidized care and there is no wait list for services. In addition, we note that there are approximately 320 licensed child centers operating throughout the State. Of this number, approximately 259 have agreed to accept children who receive a subsidy under the CCDF. Also, there are approximately 1,662 family home providers, providing care throughout the State. Of this number, approximately 1,115 have agreed to accept children who receive a subsidy under the CCDF.

The **Kansas** Department of Social and Rehabilitation Services (SRS) may enroll the provider chosen by the parents, including regulated providers (centers, group homes, and family child care homes) and unregulated, legally-exempt providers, which may include in- or out-of-home relative care and/or in-home nonrelative care. Fifty-four percent of eligible regulated providers have agreements with SRS, up from the 52 percent in an earlier report. Payment rates have not deterred regulated providers from registering to care for SRS children.

Caseload statistics show that 41 percent of the total cases served by the **Michigan** Child Development and Care Program are using regulated care, while 59 percent are choosing care by relatives and in-home aides. This indicates that parents have access to all types of care settings.

A September 2003 data match of **North Dakota's** licensing and subsidy systems demonstrated that 93 percent of the licensed and legally nonlicensed providers in the State were in the child care subsidy system.

While **Vermont** observed a growing discrepancy between its subsidy rates and market rates, the Lead Agency actively recruits providers to serve children in the subsidy program and supports them with incentives such as tuition assistance and credential and accreditation bonuses. Currently 1,500 providers are serving 9,000 children in the subsidy program. This represents 50 percent of all regulated providers in the State.

Approximately 80 percent of regulated providers participate in the subsidy program in **Wisconsin**, a higher percentage of participation than is found in most States. This indicates that Wisconsin's reimbursement policies and procedures reasonably reflect the private market, recognize the important role of providers, and provide subsidized parents with a wide range of choices.

Since the establishment of the program in **American Samoa** in 1995, the majority of child care providers have used the payment rate set by the Social Services Division Child Care Program as their established rate of care.

- Three States (CO, FL, TX) reported devolving rate-setting to the counties or other local jurisdictions.

  Based on **Colorado** statute, counties are given authority to set their reimbursement rates for all types of care based on guidance provided by the State Market Rate Survey. Some counties have conducted Market Rate Surveys for providers in their respective counties prior to establishing their rate ceilings. Other counties have opted to pay the private pay rate providers charge. Counties are provided the results of the State Market Rate Survey to be used as a guide to set payment rates that will afford families equal access. The State monitors this through the annual county child care assistance plan submitted to the State. The percentage of market rate across Colorado ranges from 72 percent of the 75th percentile to 197 percent of the 75th percentile.

  Local coalitions are required by **Florida** statutes to develop a payment schedule that encompasses all programs funded by that coalition. The payment schedule must take into consideration the relevant market rate (recommended at the 75th percentile), must include the projected number of children to be served, and must be submitted to the Florida Partnership for School Readiness for approval. Payment rates for informal providers may not exceed 50 percent of the payment rate for family child care providers.

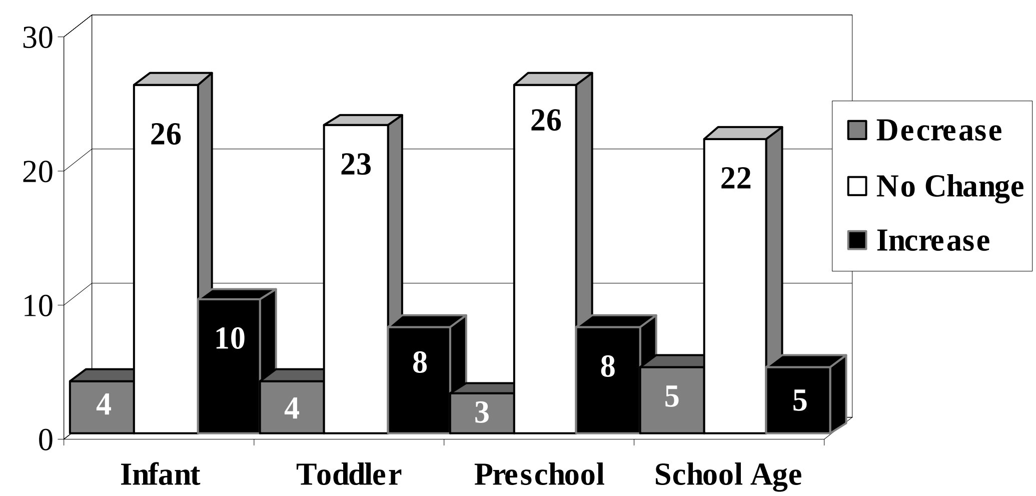
Reimbursement Rate Ceilings

Lead Agencies were asked to include their reimbursement rate ceiling schedule with their CCDF Plans. Table 3.2-B summarizes those reimbursement ceilings for center-based facilities in the largest urban area in each State. Because of anomalies in the child care market, these rate ceilings may not always be the highest rates paid within each State. For States with tiered reimbursement schedules, which pay a higher rate for higher quality care, the base rate was used in this summary.

For most States, reimbursement rate ceilings for center-based care remained constant from FY 2002 to FY 2004, as summarized in Chart 3.2-B. In each age range, between 65 percent and 70 percent of the States examined showed no change in the maximum rate. Between 20 percent and 25 percent of States increased rate ceilings for infant (10 States), toddler (eight States), and preschool care (eight States). Fewer than 15 percent of States decreased rate ceilings for infant (four States), toddler (four States), and preschool care (three States). Maximum rates for school-age child care (SACC) showed no change in most States; however, 15 percent of States increased and 15 percent of States decreased SACC rate ceilings. Among those States for which comparisons could be made between rate schedules included in CCDF Plans for FY 2002-2003 and FY 2004-2005, more States—nearly twice as many—raised rate ceilings than lowered them.[19]

[19] The change in rate ceilings within each age range was calculated only for those States whose rate ceiling schedules included comparable data in both the FY 2002-2003 and FY 2004-2005 Plans. For example, if a State changed the definition of infant or added a distinct toddler rate in place of an infant/toddler rate, the State's rates for that age range were not included in our calculations. Similarly, when rate tables expressed rates in different units (days rather than weeks, for example), those rates were excluded for that age range. Complete data for both years was not available for all States for all age ranges.

CHART 3.2-B
PERCENTAGE CHANGE in STATE RATE CEILINGS
for CENTER-BASED CARE, FY 2002–FY 2004



Source: Information compiled from State CCDF Plans, FY 2002-2003 and FY 2004-2005.

TABLE 3.2
STATE CENTER-BASED CARE REIMBURSEMENT RATE CEILINGS
LARGEST URBAN AREAS[1]

State/ Territory	Infant Age Range	Infant Rate	Toddler Age Range	Toddler Rate	Preschool Age Range	Pre-School Rate	School-Age Defined	School-Age Rate	Rate Area
Alabama	Infant/ Toddler	$105.00/ week	Infant/ Toddler	$105.00/ week	Preschool	$99.00/ week	School	$83.00/ week	Rates vary by region. Rates for Birmingham given.
Alaska	0 to 18 months	$1035.00/ month	19 thru 36 months	$983.00/ month	37 mos. thru 6 years	$880.00/ month	7 thru 12 years	$859.00/ month	Rates vary by area. Rates for Anch/Mat-Su given.
Arizona	Birth < 1 year	$29.00/ day	1 year < 3 years	$25.58/ day	3 years < 6 years	$23.20/ day	6 years < 13 years	$22.00/ day	Rates vary by district. Rates for District 1 given.
Arkansas	Infant	$18.00/ day	Toddler	$17.00/ day	Daycare	$17.00/ day	School-age	$15.20/ day	Rates vary by county. Rates for Pulaski County given.
California	Under 2 years	$37.00/ day	2 - 5 years	$27.59/ day	2 - 5 years	$27.59/ day	6 years +	$25.00/ day	Rates vary by county. Rates for Los Angeles County given.
Colorado	Under 2 years	$33.00/ day	2 years and older	$28.00/ day	2 years and older	$28.00/ day	2 years and older	$28.00/ day	Rates vary by county/ groups of counties. Rates for Denver Metro Counties given.
Connecticut	Infant/ Toddler	$171.00/ week	Infant/ Toddler	$171.00/ week	Preschool	$135.00/ week	School-age	$122.00/ week	Rates vary by region. Rates for Eastern region given.

TABLE 3.2
STATE CENTER-BASED CARE REIMBURSEMENT RATE CEILINGS
LARGEST URBAN AREAS[1]

State/ Territory	Infant Age Range	Infant Rate	Toddler Age Range	Toddler Rate	Preschool Age Range	Pre-School Rate	School-Age Defined	School-Age Rate	Rate Area
Delaware	0 - 1 year	$115.50/ week	1 - 2 year	$101.20/ week	2 to 5 years	$86.25/ day	6 and over	$81.40/ week	Rates vary by county. Rates for New Castle County given.
District of Columbia	Infant	$31.10/ day	Toddler	$31.10/ day	Preschool	$23.55/ day	School-age Before And After	$19.85/ day	Rates are District-wide, but vary by tier level. Rates for Bronze-tiered centers given.
Florida	0 - 12 months	$120.00/ week	13 - 23 months	$110.00/ week	36 - 47 months[2]	$90.00/ week	School-age Summer	$62.00/ week	Rates vary by local school readiness coalition area. Rates for Duval School Readiness Coalition given.
Georgia	6 weeks - 12 months	$105.00/ week	13 - 36 months	$95.00/ week	3 - 5 years	$80.00/ week	Before & After School[3]	$55.00/ week	Rates vary by zone. Rates for Zone 1 given.
Hawaii	All ages	$425.00/ month	All ages	$425.00/ month	All ages	$425.00/ month	Before School/ After School	$60.00/ month $80.00/ month	Rates are Statewide.

TABLE 3.2
STATE CENTER-BASED CARE REIMBURSEMENT RATE CEILINGS
LARGEST URBAN AREAS[1]

State/ Territory	Infant Age Range	Infant Rate	Toddler Age Range	Toddler Rate	Preschool Age Range	Pre-School Rate	School-Age Defined	School-Age Rate	Rate Area
Idaho	0 - 12 months	$522.00/ month	13 - 30 months	$453.00/ month	31 - 60 months	$396.00/ month	61 - 72 months/ 73+ months	$363.00/ month $345.00/ month	Rates vary by region. Rates for Region I given.
Illinois	Under 2 ½ years	$33.77/ day	2½ and older	$24.34/ day	2½ and older	$24.34/ day	School-age – Day	$12.17/ day	Rates vary by groups of counties. Rates for Group IA Counties given
Indiana	Infants	$36.00/ day	Toddler	$35.00/ day	3 - 4 years/ 5 years[4]	$33.00/ day	School-age Before/ After[3]	$32.00/ day	Rates vary by county. Rates for Marion County used.
Iowa	2 weeks - 2 years	$12.45/ half-day	2 weeks - 2 years	$12.45/ half-day	2 years to school-age	$10.50/ half-day	Full- or half-day classes, including Kinder-garten	$9.00/ half-day	Rates are Statewide.
Kansas	0 - 12 months	$4.48/ hour	13 - 30 months	$3.85/ hour	31 months - 5 years	$3.12/ hour	6 years or more	$2.98/ hour	Rates vary by urban, near urban, and rural groups of counties. Rates for Group #1 counties (urban) given.

TABLE 3.2
STATE CENTER-BASED CARE REIMBURSEMENT RATE CEILINGS
LARGEST URBAN AREAS[1]

State/ Territory	Infant Age Range	Infant Rate	Toddler Age Range	Toddler Rate	Preschool Age Range	Pre-School Rate	School-Age Defined	School-Age Rate	Rate Area
Kentucky	Infant/ Toddler	$23.00/ day	Infant/ Toddler	$23.00/ day	Preschool	$20.00/ day	School-age	$19.00/ day	Rates vary by region and urban/non-urban area. Urban rates for Central Region given.
Louisiana	All ages	$15.00/ day	All ages	$15.00/ day	All ages	$15.00/ day	All ages	$15.00/ day	Rates are Statewide.
Maine	Infant	$168.00/ week	Toddler	$168.00/ week	Preschool	$150.00/ week	School-age - Summer	$133.00/ week	Rates vary by county. Rates for Cumberland given.
							School-age – Before/ After School	$85.00/ week	
Maryland	Infant	$771.00/ month	Regular	$433.00/ month	Regular	$433.00/ month	Regular	$433.00/ month	Rates vary by region. Rates for Region BC (Baltimore City) given.
Massachusetts	Infant	$46.50/ day	Toddler	$41.50/ day	Preschool	$31.50/ day	School-age Blended	$18.50/ day	Rates vary by region and tier levels. Rates for Region 4, Tier 1 given.
Michigan	0 - 2½ years	$2.85/ hour	2½ years+	$2.25/ hour	2½ years+	$2.25/ hour	2½ years+	$2.25/ hour	Rates vary by Shelter Areas. Rates for Shelter Area IV given.

TABLE 3.2
STATE CENTER-BASED CARE REIMBURSEMENT RATE CEILINGS
LARGEST URBAN AREAS[1]

State/ Territory	Infant Age Range	Infant Rate	Toddler Age Range	Toddler Rate	Preschool Age Range	Pre-School Rate	School-Age Defined	School-Age Rate	Rate Area
Minnesota	Infant	$82.00/ day	Toddler	$61.00/ day	Preschool	$55.00/ day	School-age	$52.00/ day	Rates vary by regional groups of counties. Rates for Hennepin County given.
Mississippi	Birth to 12 months	$84.00/ week	13 - 36 months	$80.00/ week	3 - 5 years	$77.00/ week	School-age - Summer (5 - 13 years)	$76.00/ week	Rates are Statewide, but vary by tiered quality level. Rates for Tier 1 given.
Missouri	Infant	$25.75/ day	Infant[5]	$25.75/ day	Preschool	$15.30/ day	School-age	$15.00/ day	Rates for infant care vary by Metro, Sub-Metro, and "Rest of State"; rates for preschool and school-age vary by groups of counties. Rates given are for St. Louis County.
Montana	Infant	$22.00/ day	Age 2 +	$17.25/ day	Age 2 +	$17.25/ day	Age 2 +	$17.25/ day	Rates vary by resource & referral district. Rates for Billings District given.

TABLE 3.2
STATE CENTER-BASED CARE REIMBURSEMENT RATE CEILINGS
LARGEST URBAN AREAS[1]

State/ Territory	Infant Age Range	Infant Rate	Toddler Age Range	Toddler Rate	Preschool Age Range	Pre-School Rate	School-Age Defined	School-Age Rate	Rate Area
Nebraska	Infant	$25.00/ day	Toddler	$21.00/ day	Preschool	$21.00/ day	School-age	$21.00/ day	Rates vary by groups of counties; for accredited care, rates are Statewide. Rates for unaccredited care in Douglas/Sarpy counties given.
Nevada	0 - 12 months	$31.00/ day	13 - 36 months	$32.00/ day	37 - 71 months	$30.00/ day	72 months and above	$26.00/ day	Rates vary by two counties and rural areas. Rates for Clark County given.
New Hampshire	Under Age 3	$28.90/ day	Under Age 3	$28.90/ day	Age 3 or over	$24.40/ day	Age 3 or over	$24.40/ day	Rates are Statewide, but vary by program step level. Rates given for contract/licensed care, for Step 1 Income Limit (TANF Financial Assistance Recipients Only).

TABLE 3.2
STATE CENTER-BASED CARE REIMBURSEMENT RATE CEILINGS
LARGEST URBAN AREAS[1]

State/ Territory	Infant Age Range	Infant Rate	Toddler Age Range	Toddler Rate	Preschool Age Range	Pre-School Rate	School-Age Defined	School-Age Rate	Rate Area
New Jersey	0 up to 2½ years	$147.00/ week	2 up to 2½ yrs	$147.00/ week	2½ up to 5 years	$121.40/ week	5 – 13 years	$121.40/ week	Rates are Statewide, but may vary by assistance group; rates for care provided participants in the Work First New Jersey and transitional child care programs in nonaccredited, licensed centers given.
New Mexico	Infant	$467.84/ month	Toddler	$417.19/ month	Preschool	$386.48/ month	School-age	$337.11/ month	Rates vary by metro and rural areas. Metro rates given.
New York	Under 1½ years	$67.00/ day	1½ - 2 years	$64.00/ day	3 – 5 years	$45.00/ day	6 – 12 years	$44.00/ day	Rates vary by groups of counties. Rate for Group E counties (Bronx, Kings, New York, Queens, Richmond) given.
North Carolina	Infant/ Toddler	$536.00/ month	2 year olds	$490.00/ month	3-5 year old	$477.00/ month	School-age	$423.00/ month	Rates vary by county and tiered quality level. Rates for 1-star centers in Mecklenburg County given.

TABLE 3.2
STATE CENTER-BASED CARE REIMBURSEMENT RATE CEILINGS
LARGEST URBAN AREAS[1]

State/ Territory	Infant Age Range	Infant Rate	Toddler Age Range	Toddler Rate	Preschool Age Range	Pre-School Rate	School-Age Defined	School-Age Rate	Rate Area
North Dakota	Birth up to 2 years	$115.00/ week	2 years	$110.00/ week	3 - 13 years	$100.00/ week	3 to 13 years	$100.00/ week	Rates are Statewide.
Ohio	Infant	$140.00/ week	Toddler	$125.00/ week	Preschool	$113.00/ week	School-age	$100.00/ week	Rates vary by county. Rate for Cuyahoga County given.
Oklahoma	0 - 12 months	$15.00/ day	25 - 48 months	$13.00/ day	49 - 72 months	$13.00/ day	73 months - 13 years	$11.00/ day	Rates vary by geographic area and tiered quality level. Daily rates for centers in One Star Metro Area (includes Oklahoma County) given.
Oregon	Birth thru 12 months	$525.00/ month	1 year thru 30 months	$509.00/ month	31 months - 5 years	$372.00/ month	6 years and older	$372.00/ month	Rates vary by groups of zip codes. Rates for Group Area A given.
Pennsylvania	Infant	$34.40/ day	Young Toddler Old Toddler	$32.50/ day $30.40/ day	Preschool	$28.00/ day	Young School-age Old School-age	$26.00/ day $26.00/ day	Rates vary by county. Rates for Bucks County given.
Puerto Rico	Infant/ Toddler	$249.00/ month	Infant/ Toddler	$249.00/ month	Preschool	$243.00/ month	School-age	$147.00/ month	Rates are Commonwealth-wide

TABLE 3.2
STATE CENTER-BASED CARE REIMBURSEMENT RATE CEILINGS
LARGEST URBAN AREAS[1]

State/ Territory	Infant Age Range	Infant Rate	Toddler Age Range	Toddler Rate	Preschool Age Range	Pre-School Rate	School-Age Defined	School-Age Rate	Rate Area
Rhode Island	1 week up to 3 years	$172.50/ week	1 week up to 3 years	$172.50/ week	3 years up to entry into 1st Grade	$140.00/ week	Entry to 1st Grade up to 13 years	$125.00/ week	Rates are Statewide.
South Carolina	0 - 2 years	$93.00/ week	0 - 2 years	$93.00/ week	3 - 5 years	$83.00/ week	6 - 12 years	$78.00/ week	Rates vary by urban and rural areas, and whether the center is licensed-only, "enhanced," or accredited. Licensed center rates for urban areas given.
South Dakota	Infants up to Age 3	$2.50/ hour	Infants up to Age 3	$2.50/ hour	3 years and older	$2.15/ hour	3 years and older	$2.15/ hour	Rates vary by urban and rural areas. Rates for urban areas given.
Tennessee	Under Age 2	$105.00/ week	Under Age 2	$105.00/ week	Preschool	$90.00/ week	School-Age In School-Age Out	$50.00/ week $75.00/ week	Rates vary by Top 17 Counties (highest average populations and incomes) and 78 other counties, as well as by tiered quality level. State rate for Top 17 Counties given.
Texas[6]									

TABLE 3.2
STATE CENTER-BASED CARE REIMBURSEMENT RATE CEILINGS
LARGEST URBAN AREAS[1]

State/ Territory	Infant Age Range	Infant Rate	Toddler Age Range	Toddler Rate	Preschool Age Range	Pre-School Rate	School-Age Defined	School-Age Rate	Rate Area
Utah	0 to < 24 months	$3.87/ hour	2 & 3 years	$3.21/ hour	4 & 5 years	$3.00/ hour	6 < 13 years	$2.71/ hour	Rates are Statewide.
Vermont	Under 3	$23.42/ day	Under 3	$23.42/ day	3 +	$20.81/ day	3 +	$20.81/ day	Rates are Statewide.
Virginia	Infant	$190.00/ week	Toddler	$185.00/ week	Preschool	$161.00/ week	School-age	$148.00/ week	Rates vary by regions and also by county. Rates for Fairfax Co/City given.
Washington	0 - 11 months	$37.82/ day	12 - 29 months	$31.59/ day	30 months - 5 years	$26.50/ day	5 - 12 years	$23.86/ day	Rates vary by region. Rates for Region IV given.
West Virginia	< 24 months	$24.00/ day	< 24 months	$24.00/ day	24 months and older	$18.00/ day	24 months and older	$18.00/ day	Rates are Statewide, but vary by tier quality level. Rates for base level given.
Wisconsin	0 - 2	$7.17/ hour	2 - 3 years	$6.17/ hour	4 - 5 years	$5.50/ hour	6 +	$5.33/ hour	Rates vary by county. Rates for Milwaukee County given.
Wyoming	0 - 23 months	$3.00/ hour	2 - 3 years	$2.95/ hour	4 - 5 years	$2.43/ hour	6 - 12 years	$2.35/ hour	Rates are Statewide.

Source: Information compiled from State CCDF Plans, FY 2004-2005, effective October 1, 2003.

Notes:

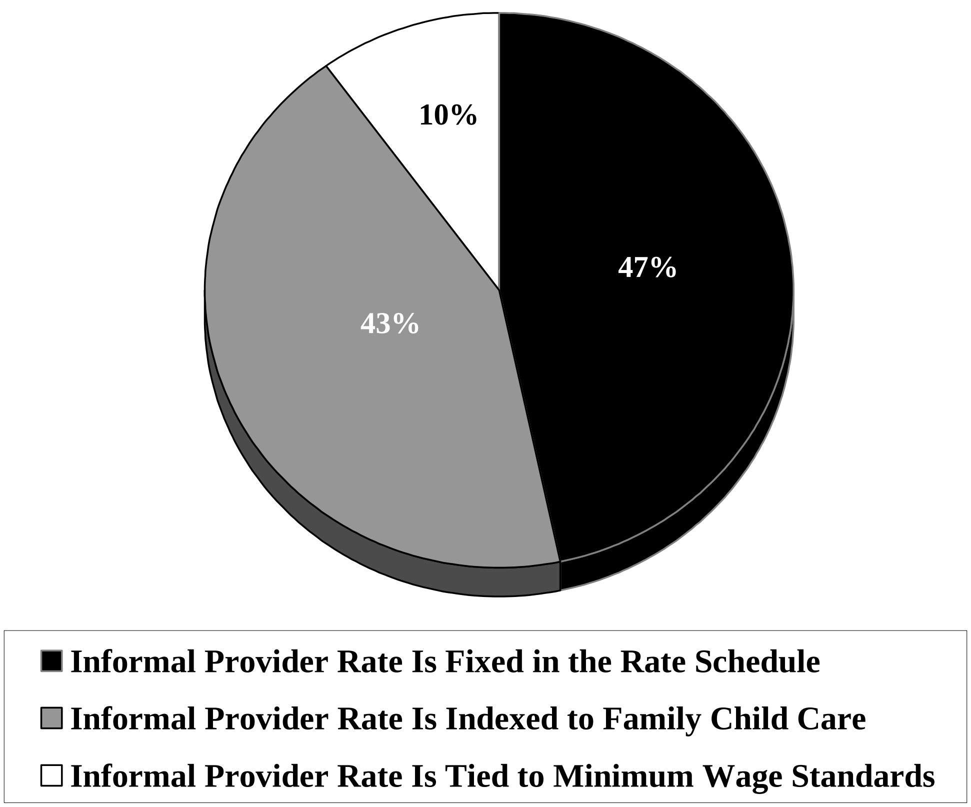
[1] Rate information presented here is based on each States' response to Section 3.2 of the FY 2004-2005 CCDF Plan as well as States' subsidy rate tables included as attachments to the CCDF Plan. These rates are not necessarily the highest rates paid in the State, but are the rates prevailing in the largest

Notes (continued):
urban area in each State. For some States, specific age ranges were not defined in the rate schedule submitted with their CCDF Plan. In States with tiered reimbursement systems, which pay higher rates for higher levels of quality, the base rate for licensed child care centers is given. The actual reimbursement amount is a function not only of the amount of care provided, but also the family's share of fees (copayment).
[2] In Florida, Duval County has three age ranges between 24 and 59 months.
[3] Georgia has two additional after-school rates: part-time (per day) or occasional (per week) care, the latter of which is paid for teacher workdays, snow days, and holidays/breaks, and is capped at $16.00 per week; and full-time care (per week), usually paid for full-day summer case, set at $80.00 per week.
[4] Indiana has two "preschool" age ranges, 3–4 years and 5 years, both with the same rate in Marion County. Indiana also has separate rates for Kindergarten ($33.00/day) and for "School-age/All Other" ($32.00/day).
[5] Missouri does not have a separate age range for Toddlers and the Lead Agency did not report age ranges in its CCDF Plan.
[6]An approved FY 2004-2005 rate schedule for Texas was not available.

Informal Child Care

Many Lead Agencies reported that it is difficult to conduct an accurate Market Rate Survey among informal, unregulated child care providers. Instead, some States index informal care rate ceilings to their regulated family child care rates or to minimum wage standards.

CHART 3.2-C
STATE POLICIES for SETTING RATES CEILINGS
for INFORMAL CHILD CARE PROVIDERS



Source: Information compiled from State CCDF Plans, FY 2004-2005.

Note: Only 30 States specified their informal provider rate.

- Fourteen States (AL, AK, AZ, DE, DC, GA, HI, IN, MI, ND, RI, SC, SD, VT) fix informal provider rate ceilings in their reimbursement rate structures.

- Sixteen States (CA, CT, FL, IN, IA, ME, MD, MN, MT, NV, NY, NC, PA, VA, WI, WY) reported that informal provider rate ceilings are indexed.

  - In 13 of these States (CA, FL, ME, MD, MN, MT, NV, NY, NC, PA, VA, WI, WY), rates for unregulated care are set as a percentage of the rate for family child care, ranging from 50 percent to 100 percent of the family child care rate.
  - The other three States (CT, IN, IA) tie the rates for unregulated care to minimum wage standards.

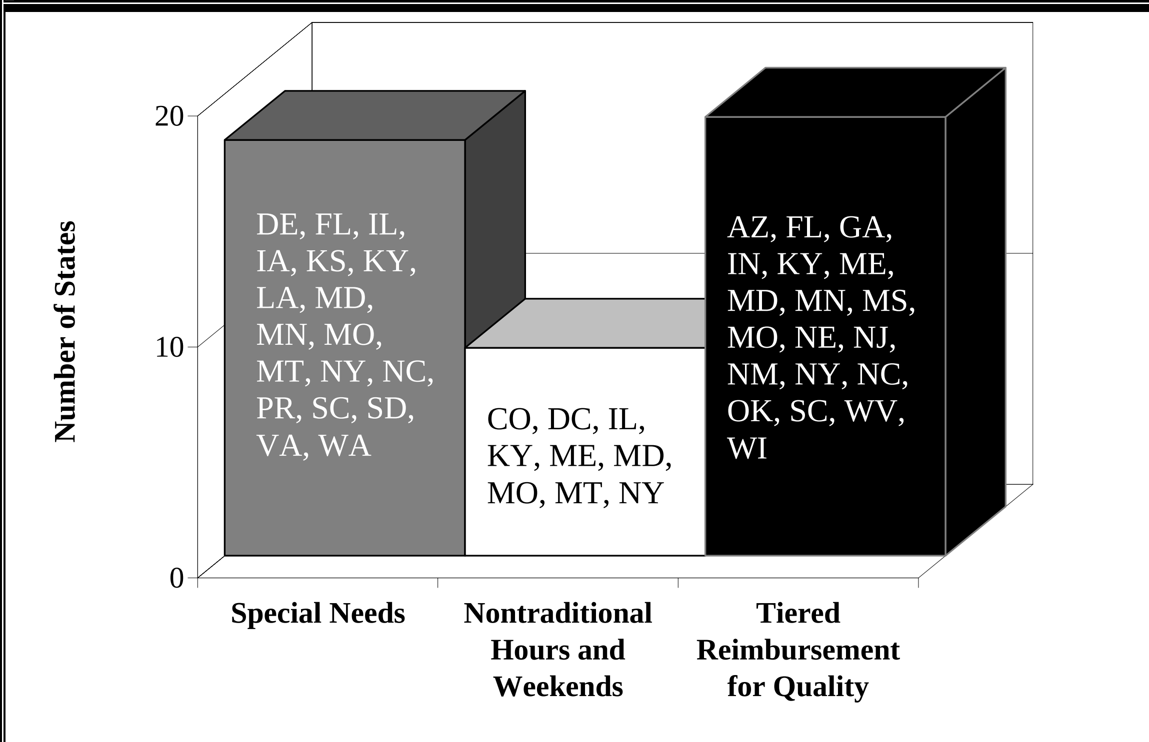
The reimbursement rate for in-home care in **Indiana** is calculated per family on an hourly basis consistent with the current Federal minimum wage. This means there is one rate for all siblings. Reimbursement is limited to no more than 40 hours of care per week (Sunday through Saturday).

In **Connecticut**, the payment rates for "providers exempt from licensing," including relatives and in-home providers, are set as a percentage of the State minimum wage. Those rates are set as follows: care for one child, one-third of the minimum wage; care for two children, two-thirds of the minimum wage; and care for three children, full minimum wage.

Rate Differentials

Most States choose to set higher rate ceilings for care that is more difficult to find or more expensive to provide. Typically, such differential rates apply for care for children with special needs, care provided during nontraditional hours or on weekends, and care that meets higher standards of quality than those included in basic licensing requirements.

CHART 3.2-D
RATE DIFFERENTIALS



Source: Information compiled from State CCDF Plans, FY 2004-2005.

- Thirty States (AZ, CO, DE, DC, FL, GA, IL, IN, IA, KS, KY, LA, ME, MD, MN, MS, MO, MT, NJ, NM, NY, NC, OK, PR, SC, SD, VA, WA, WV, WI) and one Territory (GU) reported establishing a rate differential for certain types of care.

- Nineteen States (AZ, FL, GA, IN, KY, ME, MD, MN, MS, MO, NE, NJ, NM, NY, NC, OK, SC, WV, WI) reported establishing a tiered reimbursement for quality care beyond that level assured by minimum licensing standards.

  Beginning in 1998, the **Florida** Legislature authorized the payment of a rate differential or stipend to those school readiness providers who have achieved Florida "Gold Seal" quality status through accreditation. Funding for this tiered reimbursement has been included in annual proviso language since its establishment. As referenced in statute, reimbursement rates are prohibited from having the effect of limiting parental choice or creating standards or levels of services that have not been authorized by the Legislature.

  Child Care and Parent Services (CAPS) is piloting tiered reimbursement in certain areas of **Georgia**. Tiered reimbursement is for providers who meet quality standards that exceed the State's minimum licensing standards and who care for children up to age 5. The tiered reimbursement rates are 100 percent of the Department of Family and Children Services (DFCS) rate for providers who meet regulatory requirements. Registered family day care providers, licensed group home providers, and center-based providers who meet enhanced quality standards may receive reimbursements at 115 percent or 135 percent of the DFCS rate, depending on the enhanced quality level met. Providers who achieve national accreditation may receive reimbursement at 150 percent of the DFCS rate. Tiered reimbursement provides enhanced access to higher-quality child care settings that may charge more than the DFCS rate. Through tiered reimbursement, CAPS clients have greater access to place children in those higher cost settings because the difference between the DFCS rate and the provider's higher cost will be reduced or eliminated. Preliminary results from the tiered reimbursement pilot indicate that child care providers are ready to increase the quality of their programs if reimbursement rates support the quality improvements. If funds become available, CAPS would like to expand the program Statewide.

- Eighteen States (DE, FL, IL, IA, KS, KY, LA, MD, MN, MO, MT, NY, NC, PR, SC, SD, VA, WA) and one Territory (GU) reported paying a higher rate for care provided to children with special needs.

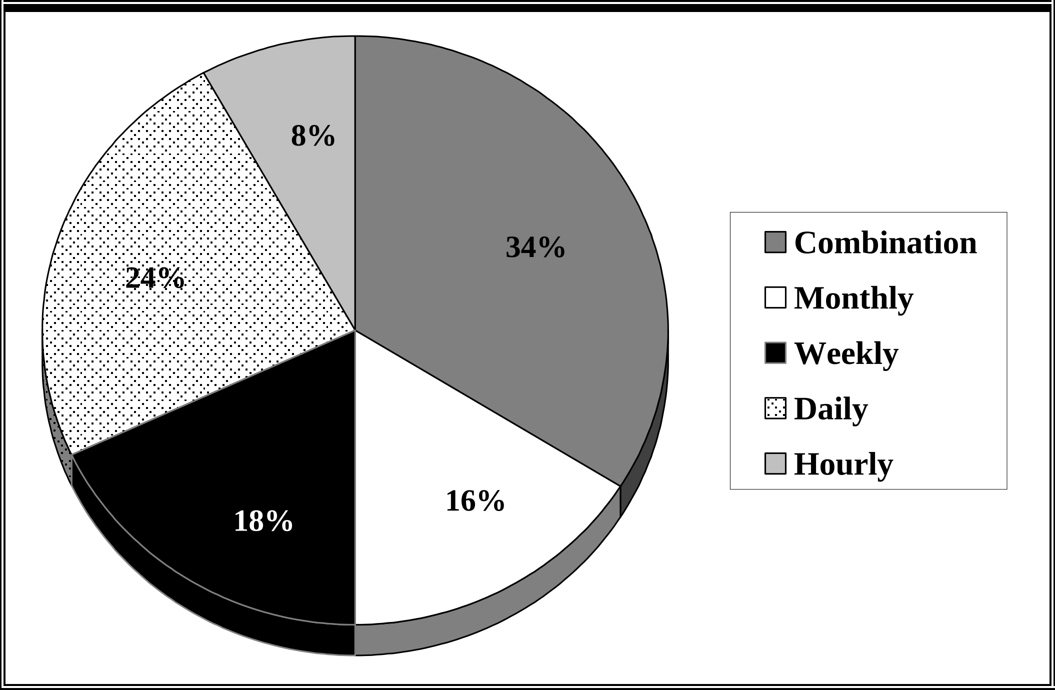
  The **Florida** payment structure also includes a "special needs" negotiated rate for children with disabilities and special health needs. Rates are based on the care needs of the child and the availability of care providers, and vary by local school readiness coalition.

- Nine States (CO, DC, IL, KY, ME, MD, MO, MT, NY) reported establishing a differential rate for care provided during nontraditional hours and on weekends.

Rate Units

States pay providers using different units of service: hourly, daily, weekly, and/or monthly. Nearly two-thirds of States use part-time as well as full-time units of service, whether accounting for service delivery on an hourly, daily, weekly, or monthly basis.

CHART 3.2-E
UNITS of SERVICE STATES USE to PAY PROVIDERS



Source: Information compiled from State CCDF Plans, FY 2004-2005.

- Nineteen States (CO, DE, FL, ID, IA, KS, LA, ME, MD, MA, MI, MT, NE, NV, NH, NC, PR, SD, UT) and two Territories (AS and VI) reported only one unit of service, without a full- or part-time accounting.

- Thirty-one States (AL, AK, AZ, AR, CA, CT, DC, GA, HI, IL, IN, KY, MN, MS, MO, NJ, NM, NY, ND, OH, OK, OR, PA, RI, SC, TN, VT, VA, WA, WV, WY) and one Territory (GU) listed part- and full-time units of service for either daily, weekly, or monthly payment.

- Seventeen States (CA, FL, IN, LA, ME, MN, MT, NE, NH, NJ, NY, OH, OK, OR, WV, WI, WY) and one Territory (GU) use a combination of hourly, daily, weekly, and/or monthly units of service.

- Eight States (AK, HI, ID, MD, NM, NC, ND, PR) and three Territories (AS, CNMI, VI) reported rate ceilings in monthly service units.

- Nine States (AL, CT, DE, GA, MS, RI, SC, TN, VA) reported rate ceilings in weekly service units.

- Twelve States (AZ, CO, DC, IL, IA, KY, MA, MO, NV, PA, VT, WA) reported rate ceilings in daily service units.

- Four States (KS, MI, SD, UT) reported rate ceilings in hourly service units.

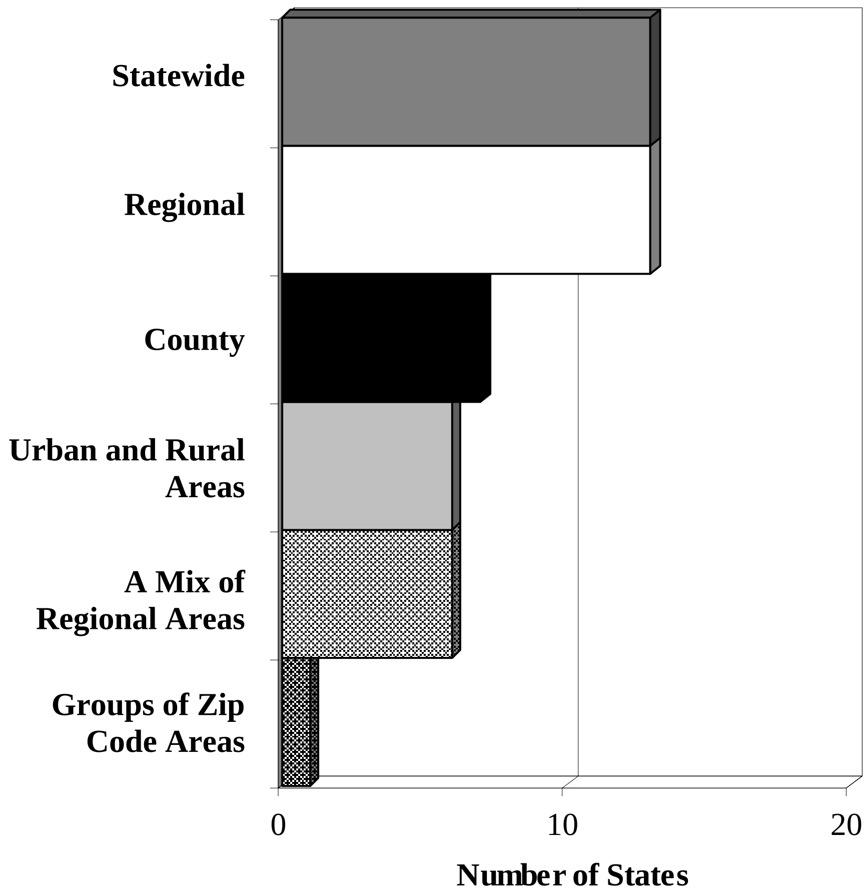
Rate Areas

When establishing reimbursement rate ceilings, States are permitted to define the geographical outlines of the market within which rates are grouped and for which the rate ceiling is established. About one-third of the States establish Statewide rate structures, but other rate areas are used including regional, county-level, and rural/urban. In determining whether rates will apply uniformly Statewide or vary by county, region, or other area, States balance multiple factors (demographic, economic, fiscal, and political). A recent policy analysis in **Iowa** illustrates this process.

In reviewing alternatives to the current structure for a legislative report several years ago, the Lead Agency in Iowa looked at establishing rates by county, cluster, region, and rural/urban (versus the current Statewide rate). The final analysis yielded that:

- Establishing a county rate was impractical due to the sparse provider population in some counties.
- Establishing a cluster rate, in addition to being administratively cumbersome to a centrally administered program, also did not result in rates that exceeded the State maximum.
- Establishing a regional rate also does not increase rates beyond the maximum rate. Only one region, Des Moines, shows a significant difference from the other regions in terms of rates. This is probably more of a rural/urban difference, because of the nine counties considered urban in Iowa, three of them are in the Des Moines region. Under a regional approach, a significant number of providers across the State would see a decrease in their reimbursed rates.
- Establishing a rural/urban rate does not equalize the rate structure, as many rural areas realize a better benefit under the current Statewide rate than they would realize under a rural/urban rate structure. Establishing a rural rate at less than the current maximum raises some concern in supporting infant care options in rural Iowa.

CHART 3.2-F
RATE AREAS DEFINED in STATE CHILD CARE RATE SCHEDULES



Source: Information compiled from State CCDF Plans, FY 2004-2005.

- Thirteen States (DC, HI, IA, LA, MS, NH, NJ, ND, PR, RI, UT, VT, WY) and four Territories (AS, CNMI, GU, VI) establish Statewide reimbursement rate ceilings.
- Thirteen States (AL, AK, CT, FL, GA, ID, IL, MD, MA, MI, MT, NY, WA) set regional rate ceilings.
- Eleven States (AR, CA, DE, IN, ME, MN, NE, NC, OH, PA, WI) establish rate ceilings that vary by county.
- Six States (KS, NM, OK, SC, SD, TN) establish rate ceilings for urban and rural areas.
- Rate structures in six States (AZ, CO, KY, MO, NV, VA) use a mix of geographic areas.
- One State (OR), collects rate information at the zip code level and establishes rate ceilings by groups of zip code areas.

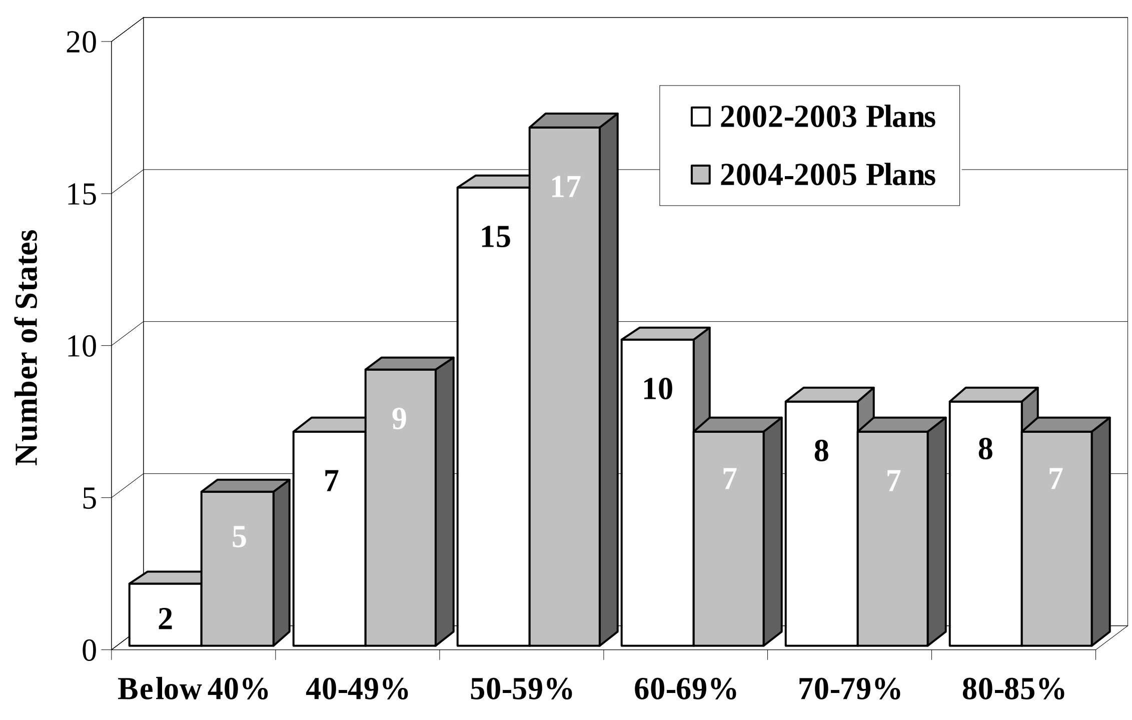
Section 3.3 – Eligibility Criteria for Child Care

By statute, all eligible children must be under the age of 13, or under age 19 if physically or mentally incapable of self-care, or under court supervision, and reside with a family whose income does not exceed 85% of the State Median Income (SMI) for a family of the same size and whose parent(s) are working or attending a job training or educational program or who receive or need to receive protective services. (658E(c)(3)(B), 658P(3), §98.20(a))

3.3.1 – Income Eligibility Limits

Forty-five States set income eligibility limits for child care assistance that were below 85 percent of the State Median Income (SMI), the maximum level permitted in Federal regulations.[20] Income thresholds ranged from 28 percent of SMI to 85 percent of SMI. Overall, States reported an average income eligibility level equivalent to 59 percent of SMI, down from 62 percent in 2001. In FY 2004-2005 CCDF Plans, five States (HI, ME, MS, PR, TX) reported setting income eligibility limits at the Federal maximum (85 percent of SMI), the same number of States as did so in FY 2002-2003 Plans. The distribution of State income eligibility limits, expressed as a

CHART 3.3.1-A
DISTRIBUTION of INCOME ELIGIBILITY LIMITS
as a PERCENTAGE of STATE MEDIAN INCOME (SMI)



Source: Information compiled from State CCDF Plans, FY 2002-2003 and FY 2004-2005.

[20] States reported income limits using a variety of different SMI data. Thirty-eight States (AL, AZ, AR, CO, CT, DE, DC, FL, GA, ID, IL, IN, IA, KS, KY, ME, MI, MN, MT, NE, NV, NJ, NY, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, VA, WA, WI, WV, WY) used SMI data from 2003 or 2004; however, 14 States (AK, CA, HI, LA, MA, MD, MS, MO, NH, NM, NC, UT, VT, PR) and two Territories (AS and VI) used SMI data ranging from 1994 to 2002.

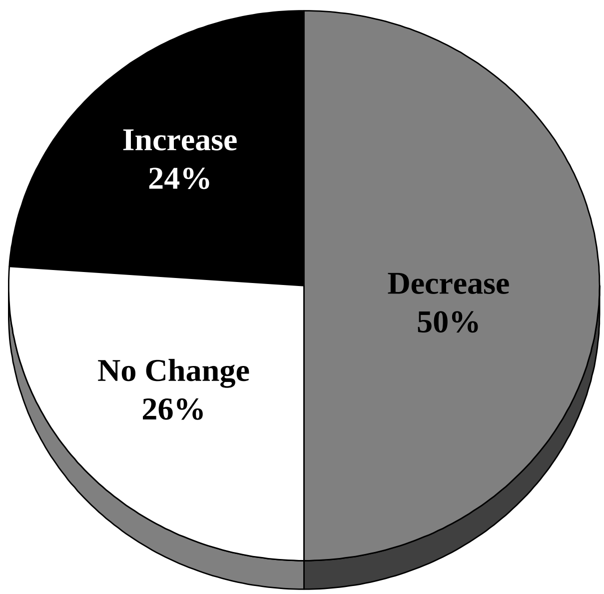
percentage of SMI, is shown in Chart 3.3.1-A.

- Twenty-six States (AK, AZ, CO, CT, DE, DC, GA, ID, IN, IA, KY, MN, MO, NE, NH, NJ, NM, NY, ND, OH, OR, PA, RI, VA, WA, WV) reported income eligibility ceilings expressed as a percentage of SMI that are *lower* than those reported in the FY 2002-2003 CCDF Plans. In nine of those States (CT, GA, IN, MN, NE, NH, OH, OR, WV), the income limits used to determine eligibility decreased by 10 percentage points or more, expressed as a percentage of SMI.

- Thirteen States (AL, AK, AR, CA, ME, MA, MS, NV, NC, PR, TX, UT, WI) reported income eligibility ceilings expressed as a percentage of SMI that are unchanged from those reported in the FY 2002-2003 Plans.

- Twelve States (HI, IL, KS, LA, MD, MT, OK, SC, SD, TN, VT, WY) reported income eligibility ceilings that are *higher* than those reported in the FY 2002-2003 Plans. In six of those States (IL, KS, LA, MD, OK, SD), the income limits used to determine eligibility were increased by 10 percentage points or more.

CHART 3.3.1-B
CHANGE in INCOME ELIGIBILITY LIMITS, FY 2002–FY 2004



Source: Information compiled from State CCDF Plans, FY 2002-2003 and FY 2004-2005.

Chart 3.3.1-B illustrates the extent of change in State income eligibility thresholds as indicated in the FY 2002-2003 and FY 2004-2005 CCDF Plans. Between FY 2002 and FY 2004, half of all States lowered their income limits, by an average of 6 percent of SMI. Despite these declines, one out of five States *increased* eligibility thresholds, by an average of 9 percent of SMI. Fully one in four States did not change income eligibility during that period.

Table 3.3.1 shows the income level for a family of three at 85 percent of SMI, as reported in the State 2004-2005 CCDF Plans. Table 3.3.1 also shows the upper income level for a family of three that Lead Agencies use to limit eligibility, *if* that upper income level is lower than 85 percent of SMI.

TABLE 3.3.1
CHILD CARE ASSISTANCE INCOME ELIGIBILITY THRESHOLDS
and STATE MEDIAN INCOME (SMI), FAMILY of THREE, FY 2002–FY 2004

State/Territory	2001			2003			
	85% of Monthly State Median Income (SMI)[1]	**Monthly Income Eligibility Level Lower Than 85% of SMI *if* Used to Limit Eligibility**	**Monthly Income Eligibility Level as a Percentage of SMI**	**85% of Monthly State Median Income (SMI)[1]**	**Monthly Income Eligibility Level Lower Than 85% of SMI *if* Used to Limit Eligibility**	**Monthly Income Eligibility Level as a Percentage of SMI**	**SMI Year**
Alabama	$3,118.00	$1,585.00	43%	$3,248.00	$1,653.00	43%	2004
Alaska	$4,481.00	NA	85%	$4,263.00	$3,853.00[2]	77%	2002
American Samoa	NK	NK	NK	$925.00	NA	85%	1995
Arizona	$3,156.00	$2,013.00	54%	$3,336.00	$2,099.00	53%	2004
Arkansas	$2,776.92	$1,960.21	60%	$2,846.43	$2,009.25	60%	2003
California	$3,315.00	$2,925.00	75%	$3,315.00	$2,925.00	75%	1998
Colorado[3]	$3,774.00	$2,743.00	62%	$3,964.00	$2,862.00	61%	2003
Commonwealth of the Northern Mariana Islands	NK	NK	NK	$1,533.00	NA	85%	NR
Connecticut	$4,495.00	$3,966.00	75%	$4,910.00	$2,889.00	50%	2004
District of Columbia	$3,706.00	$3,470.00	80%	$3,773.00	$3,470.00	78%	2003
Delaware	$3,902.00	$2,440.00	53%	$4,127.00	$2,544.00	52%	2003
Florida	NK	NK	NK	$3,293.00	$2,543.00[4]	66%	2003
Georgia	$3,569.00	NA	85%	$3,792.00	$2,035.00	46%	2003
Guam	NK	NK	NK	$1,908.00	NA	85%	NA[5]
Hawaii	$3,479.00	$3,274.00	80%	$3,678.00	NA	85%	2001

TABLE 3.3.1
CHILD CARE ASSISTANCE INCOME ELIGIBILITY THRESHOLDS
and STATE MEDIAN INCOME (SMI), FAMILY of THREE, FY 2002–FY 2004

State/Territory	2001			2003			
	85% of Monthly State Median Income (SMI)[1]	**Monthly Income Eligibility Level Lower Than 85% of SMI *if* Used to Limit Eligibility**	**Monthly Income Eligibility Level as a Percentage of SMI**	**85% of Monthly State Median Income (SMI)[1]**	**Monthly Income Eligibility Level Lower Than 85% of SMI *if* Used to Limit Eligibility**	**Monthly Income Eligibility Level as a Percentage of SMI**	**SMI Year**
Idaho	$2,838.00	$1,706.00	51%	$3,197.00	$1,706.00	45%	2003
Illinois	$3,948.00	$1,818.00	39%	$3,958.00	$2,328.00	50%	2004
Indiana	$3,289.40	$2,207.00	57%	$3,694.00	$1,615.00	37%	2003
Iowa	$3,455.00	$1,890.00	47%	$3,669.00	$1,780.00	41%	2004
Kansas	$3,874.00	$2,255.00	49%	$3,379.00	$2,353.00	59%	2003
Kentucky	$3,105.00	$2,012.00	55%	$3,232.00	$1,908.00[6]	50%	2004
Louisiana	$2,942.00	$2,077.00	60%	$2,942.00	$2,596.00	75%[7]	2002
Maine	$3,038.01	NA	85%	$3,343.08[8]	NA	85%	2003
Maryland	$4,451.00	$2,095.00	40%	$4,249.00	$2,499.00	50%	2002
Massachusetts	$4,104.00	NA	50%	$4,104.00	$2,414.00[6]	50%	2000
Michigan	NK	NK	NK	$4,090.00	$1,990.00	41%	2003
Minnesota	$3,967.00	$3,501.00	75%	$4,322.00	$2,225.00[9]	44%	2004
Mississippi	$2,513.00	NA	85%	$2,513.00	NA	85%	2000
Missouri	$3,010.00	$1,482.00	42%	$3,631.00	$1,482.00	35%	2001
Montana	$3,032.00	$1,829.00	51%	$2,861.00	$1,878.00[4]	56%	2004
Nebraska	$3,373.00	$2,104.99	53%	$3,394.00	$1,463.00	37%	2003
Nevada	$3,539.00	$3,123.00	75%	$3,527.00	$3,112.00	75%	2004

TABLE 3.3.1
CHILD CARE ASSISTANCE INCOME ELIGIBILITY THRESHOLDS
and STATE MEDIAN INCOME (SMI), FAMILY of THREE, FY 2002–FY 2004

State/Territory	2001			2003			
	85% of Monthly State Median Income (SMI)[1]	Monthly Income Eligibility Level Lower Than 85% of SMI *if* Used to Limit Eligibility	Monthly Income Eligibility Level as a Percentage of SMI	85% of Monthly State Median Income (SMI)[1]	Monthly Income Eligibility Level Lower Than 85% of SMI *if* Used to Limit Eligibility	Monthly Income Eligibility Level as a Percentage of SMI	SMI Year
New Hampshire	$3,630.00	$2,648.00	62%	$4,264.00	$2,407.00	48%[7]	2000
New Jersey	$4,223.50	$3,047.92	61%	$4,674.00	$3,179.00	58%	2003
New Mexico	$2,658.00	$2,438.00	78%	$3,016.27	$2,543.33	72%	2002
New York	$3,400.00	$2,438.00	61%	$3,839.00	$2,543.00	56%	2003
North Carolina	$3,232.00	$2,852.00	75%	$3,339.00	$2,946.00	75%	2002
North Dakota	$3,035.00	$2,463.00	69%	$3,281.00	$2,463.00	64%	2004
Ohio	$3,346.00	$2,255.00	57%	$3,825.00	$1,272.00	28%	2003
Oklahoma	$3,110.00	$1,936.00	53%	$2,883.00	$2,825.00[9]	83%	2003
Oregon	$3,208.00	$2,255.00	60%	$3,495.00	$1,908.00	46%	2003
Pennsylvania	$3,543.00	$2,438.00	58%	$3,934.74	$2,543.33	55%	2004
Puerto Rico	$1,279.00	NA	85%	$1,279.00	NA	85%	1994
Rhode Island	$3,844.50	$2,743.17	61%	$4,192.00	$2,861.00	58%	2003
South Carolina	$3,330.00	$1,829.00	47%	$3,349.00	$1,908.00	48%	2003
South Dakota	$3,504.00	$1,829.00	44%	$3,553.00	$2,544.00	61%	2003
Tennessee	$3,093.00	$2,027.00	56%	$3,336.00	$2,355.00	60%	2004
Texas[3, 10]	$3,171.00	NA	85%	$3,368.00	NA	85%	2003
Utah	$3,406.00	$2,244.00	56%	$3,406.00	$2,244.00	56%	2002

TABLE 3.3.1
CHILD CARE ASSISTANCE INCOME ELIGIBILITY THRESHOLDS
and STATE MEDIAN INCOME (SMI), FAMILY of THREE, FY 2002–FY 2004

State/Territory	2001			2003			
	85% of Monthly State Median Income (SMI)[1]	**Monthly Income Eligibility Level Lower Than 85% of SMI *if* Used to Limit Eligibility**	**Monthly Income Eligibility Level as a Percentage of SMI**	**85% of Monthly State Median Income (SMI)[1]**	**Monthly Income Eligibility Level Lower Than 85% of SMI *if* Used to Limit Eligibility**	**Monthly Income Eligibility Level as a Percentage of SMI**	**SMI Year**
Vermont	$2,867.33	$2,586.00	77%	$2,664.00	$2,586.00	83%	1999
Virginia[11]	$3,829.00	$1,950.00	43%	$4,141.00	$1,908.00	39%	2004
Virgin Islands	NK	NK	NK	$2,022.50	NA	85%	2000
Washington	$3,670.00	$2,743.00	64%	$3,821.00	$2,544.00	57%	2003
West Virginia	$2,689.00	$2,358.00	75%	$2,943.00	$1,769.00[6]	51%	2004
Wisconsin	$3,774.00	$2,255.00	51%	$3,894.00	$2,353.00[6]	51%	2004
Wyoming	$3,310.00	$2,255.00	58%	$3,324.00	$2,544.00	65%	2003

Sources: Information compiled from State CCDF Plans, FY 2002-2003 and FY 2004-2005, effective October 1, 2001 and October 1, 2003 respectively. Approved Plans for Florida, Michigan, American Samoa, Commonwealth of the Northern Mariana Islands, Guam, and the Virgin Islands were not included in the FY 2002-2003 summary.

Key: NA = Not Applicable; NK = Not Known; NR = Not Reported

Notes:

1 Monthly State Median Income is derived based on information provided in the State Plans, which does not necessarily coincide with most recent year SMI. SMI used by each State is indicated. In 2003, the Federal Poverty Level (FPL) for a family of three for the 48 contiguous States and the District of Columbia was $15,260. The FPL for Alaska was $19,070 and the FPL for Hawaii was $17,550. See *Federal Register*, Vol. 68, No. 26, February 7, 2003, pp. 6456–6458.

2 The adjusted gross income levels that Alaska reported are equal to 85% SMI less an estimated amount of the 2002 Alaska Permanent Fund Dividend, which is not used in calculating the adjusted gross income amount.

Notes (continued):

[3] Colorado and Texas permit sub-State jurisdictions to set different income eligibility limits. In Texas, local Workforce Development Boards set their own income eligibility limits to meet local needs, within the State-imposed cap of 85% of SMI; the State reported that most Boards have established limits that are below 85% of SMI.

[4] Florida and Montana each have a two-tiered eligibility threshold and reported the upper limit, which is applied to families already receiving child care assistance.

[5] The Lead Agency reported that there is no current SMI calculated for Guam and it uses 150% of the 2003 Federal Poverty Income Guidelines for Contiguous States and the District of Columbia to limit eligibility.

[6] Kentucky, Massachusetts, Minnesota, and Wisconsin each have a two-tiered eligibility threshold. Kentucky, Massachusetts, and Wisconsin reported the lower limit, which is applied to families newly applying for child care assistance; Minnesota and West Virginia reported both limits, the lower of which is included here.

[7] New Hampshire SMI is derived from information reported in the FY 2004-2005 CCDF Plan, from which the percentage was calculated.

[8] Maine's Monthly State Median Income was derived from its annual SMI ($40,117) as reported in the Plan.

[9] Oklahoma's maximum eligible income threshold depends on the number of children in care.

[10] Texas' FY 2002-2003 CCDF Plan extended into FY 2004; data reported are from the draft Texas FY 2004-2005 CCDF Plan.

[11] Virginia thresholds reflect local cost of living and are established for three groups of localities. Income limits are set at or below a defined percentage of the Federal Poverty Level (FPL), adjusted for family size, ranging from 150% FPL to 185% FPL.

Two-Tiered Eligibility Thresholds

Several States have implemented two-tiered income eligibility thresholds, one for families newly entering the subsidy program and a second, higher income level for families already receiving child care assistance. States have chosen this option as a strategy to permit families to experience wage increases and make progress toward self-sufficiency without being forced to exit the subsidy program altogether.

- Seven States (FL, KY, MA, MN, MT, WV, WI) implemented a two-tiered eligibility threshold.

  Initial eligibility for child care subsidy in **Kentucky** is based on families whose income is at or below 150 percent of the Federal Poverty Level. Ongoing eligibility for child care subsidy is based on families whose income is at or below 165 percent of the Federal Poverty Level.

  For a **Massachusetts** family who does not currently have an income-eligible contracted slot or voucher, the family's income must be at or below 50 percent of the SMI in order to access the subsidized child care system. Once a family has a subsidy, a family will remain eligible until its income reaches 85 percent of SMI. For a family who has a child with a documented disability, the initial income eligibility level is 85 percent of SMI. In addition, a family that has a child with a documented disability who is in child care is eligible for subsidized care for any other children at the higher income eligibility limits.

  In **Minnesota**, the entry level income is set at 175 percent of the Federal Poverty Level (FPL) and the exit level is 250 percent of FPL.

3.3.2 – Income Definitions for Eligibility Determination

How does the Lead Agency define "income" for the purposes of eligibility? Is any income deducted or excluded from total family income, for instance, work or medical expenses; child support paid to, or received from, other households; Supplemental Security Income (SSI) payments? Is the income of all family members included, or is the income of certain family members living in the household excluded? (§§98.16(g)(5), 98.20(b))

Lead Agencies commonly use gross income when determining eligibility for child care assistance. However, many States exclude or exempt certain income, or allow deductions to income for certain expenses. States differ regarding whose income they elect to count, but many count the income of "all family members" when determining if a family is eligible for subsidized child care.

Whose Income is Included

- Sixteen States (AL, CA, IA, ME, MD, MI, MN, MT, NE, NV, OH, OR, TN, TX, UT, VA) and one Territory (GU) reported that they count the income of "all family members" or "all household members."

- Fifteen States (AZ, AR, CA, CO, FL, GA, IL, IN, KY, MA, NM, PA, SC, SD, WI) indicated that they count the income of all family members except nonparent minors when estimating eligibility.

- Six States (AK, DC, LA, NC, PR, WY) specified that only the income of the parent or legal guardian counts toward determining family income for eligibility purposes.

- Five States (HI, MO, NH, RI, WV) and one Territory (AS) count the income of parents and related children only when determining income eligibility.

Income Exclusions or Deductions

States determine what income is counted when calculating income for eligibility purposes. Many States exempt or deduct certain income; commonly excluded income includes income received from some public assistance programs, such as TANF, Supplemental Security Income (SSI), Food Stamps, and energy and housing assistance.

- Thirty-nine States (AK, AZ, AR, CA, CO, CT, DE, DC, FL, GA, ID, IL, IA, KS, KY, ME, MD, MA, MI, MN, MS, MO, MT, NV, NH, NM, NY, NC, OH, PA, PR, RI, SC, SD, TN, UT, VT, WA, WY) reported permitting some kind of exclusion, exemption, or deduction from income when determining eligibility.

- Thirty-nine States (AZ, AR, CA, CO, CT, DE, DC, FL, GA, ID, IL, IA, KS, KY, ME, MD, MA, MN, MS, MO, MT, NV, NH, NM, NY, NC, OH, PA, PR, RI, SC, SD, TN, TX, UT, VT, VA, WA, WY) excluded or exempted income received from some public assistance programs, including income from TANF cash assistance, SSI, Volunteers in Service to America (VISTA) or AmeriCorps, Food Stamp benefits, low-income energy assistance and housing allotments, among others. In the FY 2001-2003 CCDF Plans, 32 States (AL, AK, AZ, AR, GA, HI, ID, IL, KS, KY, ME, MD, MA, MS, MO, MT, NV, NH, NM, NY, NC, ND, OH, PA, RI, SC, SD, TX, VT, VA, WA, WY) reported excluding such public assistance.

- The value of scholarships, educational loans, grants and/or income from work study programs is not counted by 34 States (AZ, AR, CA, CT, DE, DC, GA, ID, IL, IA, KS, ME, MD, MA, MI, MN, MO, MT, NV, NH, NM, NY, NC, OH, PA, RI, SC, TN, TX, UT, VT, WA, WV, WY).

- Twenty-seven States (AZ, AR, CT, DE, FL, GA, IL, IA, KY, ME, MD, MA, MN, MS, MO, MT, NV, NM, NY, NC, OH, PA, RI, TN, TX, UT, VT) exclude the value of Food Stamps when calculating family income.

- Twenty-four States (AK, AZ, DC, GA, ID, IL, IA, KS, ME, MD, MA, MN, MO, MT, NH, NM, NC, PA, RI, SC, VT, WA, WV, WY) do not count State adoption subsidies or foster care payments.

- Twenty-two States (AR, CA, CO, GA, KS, MD, MN, MS, MO, MT, NV, NM, NC, OH, PR, SC, SD, UT, VT, VA, WA, WY) reported excluding SSI payments from family income.

- Child support is excluded or deducted in 20 States (AK, AZ, AR, CT, FL, ID, IL, IA, MD, MA, MS, OH, PR, SD, TN, UT, VT, VA, WA, WI).
    - Thirteen States (AZ, CT, ID, IL, MD, MA, OH, SD, TN, UT, VT, VA, WA) deduct child support payments made.
    - Seven States (AK, AR, CT, IA, MS, PR, UT) exclude child support payments received when calculating family income for eligibility purposes.
- Sixteen States (AK, AZ, AR, CT, ID, ME, MN, MO, MT, NV, NC, OH, RI, SD, UT, VT) exempt Federal and/or State Earned Income Tax Credits.
- The value of benefits received under the National School Lunch Program (NSLP)—the free/reduced lunch program—is not counted in 16 States (AZ, AR, DE, GA, IL, IA, ME, MD, MA, MO, NM, NY, NC, PA, RI, SC).
- Fourteen States (AZ, CT, DC, GA, IL, IA, ME, MN, MT, NV, NM, NC, OH, WY) indicated that they do not include the value of Low-Income Home Energy Assistance Program benefits or other energy assistance benefits.
- Eleven States (AZ, GA, IA, MN, MS, MO, MT, NC, OH, RI, SC) exempt the value of housing allotments or other housing assistance.
- Ten States (CT, DC, GA, ID, KS, MD, MS, NC, OH, WA[21]) reported excluding income from TANF cash assistance from family income calculations.
- Eight States (DE, GA, ID, ME, NH, NC, PA, SC) reported excluding income from VISTA and AmeriCorps.
- Seven States (GA, MN, MS, MO, PR, UT, WA) reported deducting medical expenses and/or insurance premiums, or excluding the value of Medicaid benefits.
- Three States (AZ, NM, NC) indicated that income from the Child and Adult Care Food Program (CACFP) is not included in family income when determining eligibility for child care assistance.
- Three States (FL, MA, OH,) reported deducting alimony payments made by a parent when calculating the family's income.
- Two States (CT and WA) reported excluding unemployment insurance payments.
- One Territory (PR) reported excluding worker compensation payments.

[21] In Washington, the TANF grant is not counted for the first three months of employment to allow families time for successful transition to work.

3.3.3 – Additional Eligibility Conditions

Has the Lead Agency established additional eligibility conditions or priority rules, for example, income limits that vary in different parts of the State, special eligibility for families receiving TANF, or eligibility that differs for families that include a child with special needs? (658E(c)(3)(B), §98.16(g)(5), §98.20(b))

- Twenty-seven States (AK, CO, CT, DE, FL, GA, IA, KY, LA, MD, MA, MI, NE, NH, NJ, NY, ND, OK, PA, RI, SC, TN, TX, UT, VA, WA, WI) and four Territories (AS, CNMI, GU, VI) establish additional eligibility conditions or priority rules and/or have rules that vary in different parts of the State.

  The need for child care services in **Michigan** must be verified and exist only when responsible group members, i.e., family members, are unavailable to provide the child care for one or more of the following reasons:

  - High school completion; and/or
  - Agency approved education or training activity; and/or
  - Employment; and/or
  - Family preservation (a physical, mental, or emotional condition for which treatment is being received).

  As a condition of eligibility, applicants for services are responsible for pursuing other benefits for which they may be eligible, such as child support and Unemployment Compensation.

  In **Tennessee**, all teen parents in school applying for child care assistance must maintain satisfactory attendance and academic progress. All non-TANF, low-income parents or caretakers applying for child care assistance who are in post-secondary education or training must make satisfactory progress and participate in activities for 40 hours per week that combine education with work or other approved activities. All non-TANF low-income parents or caretakers applying for child care assistance must:

  - Maintain full-time employment, education, or a mix thereof; and
  - Earn a gross income that equals minimum wage or above for the number of hours worked.

- Five States (CO, FL, NY, TX, VA) described income eligibility limits or service priorities that vary within the State.

  Under the **Colorado** Consolidated Child Care Services pilot program, counties are able to receive waivers of the State-set limit.

  In **Florida**, local school readiness coalitions have the authority to establish additional eligibility priorities after meeting priorities established in Florida Statutes and annual budget implementing legislation.

The income eligibility level for the Liberty Zone Demonstration Project, Consortium for Worker Education and Satellite Child Care Pilot Project is up to 275 percent of the **New York** State income standard.

In **Texas**, the 28 Workforce Development Boards are authorized to establish income limits for eligibility that best meet local needs as long as the limit is not greater than 85 percent of the State's median income for a family of the same size.

For those **Virginia** families receiving subsidy through the transitional assistance program or through the income eligible fee system, the following income eligibility rules apply:

- Income eligibility thresholds for child care assistance reflect local cost of living by metropolitan statistical areas. Income limits are set at or below a defined percentage of the Federal Poverty Level (FPL), adjusted for family size, as follows:

    - Group I Localities – 150 percent FPL (39 percent of SMI);
    - Group II Localities – 160 percent FPL (42 percent SMI); and
    - Group III Localities – 185 percent FPL (48 percent SMI)—the maximum income limit allowed under CCDF requirements.

- Three local departments of social services (Alexandria, Arlington, and Fairfax) have waivers that permit them to provide services to residents whose income exceeds the maximum established by the Lead Agency.

- Ten States (GA, IA, KS, LA, NE, ND, OR, UT, VA, WA) reported additional eligibility conditions or priority rules to ensure that families receiving or transitioning off TANF cash assistance have full access to child care assistance.

Nebraska families who are transitioning off TANF cash assistance because of earnings from employment have a higher income limit than families at risk of receiving TANF.

In **Oregon**, there is no copay requirement for families receiving TANF.

The TANF grant in **Washington** is not counted when calculating family income for the first three months of employment to allow families time for successful transition to work.

In **Utah**, child care eligibility for TANF-funded Family Employment Program parents is determined by participation in an approved employment plan.

- Six States (AK, DE, MA, NJ, SC, TX) described eligibility conditions or rules related to serving special needs children.

In **Massachusetts**, for a family who does not currently have an income eligible contracted slot or voucher, the family's income must be at or below 50 percent of the SMI to access the subsidized child care system. Once a family has a subsidy, a family will remain eligible until its income reaches 85 percent of SMI. A family with a child with a documented disability is eligible for subsidized care if its income is at or below 85 percent of SMI. In addition, any family that has a child with a documented disability who is in child care is eligible for subsidized care for any other children if its income is at or below 85 percent of SMI. Children with disabilities and their siblings may continue to receive a subsidy until their family's income reaches 100 percent of SMI.

South Carolina families with special needs children may exclude documented medical expenses for the special needs child when determining their income.

- Three States (MD, MI, PA) and one Territory (VI) reported requirements related to the pursuit of child support as a condition for receiving child care assistance.

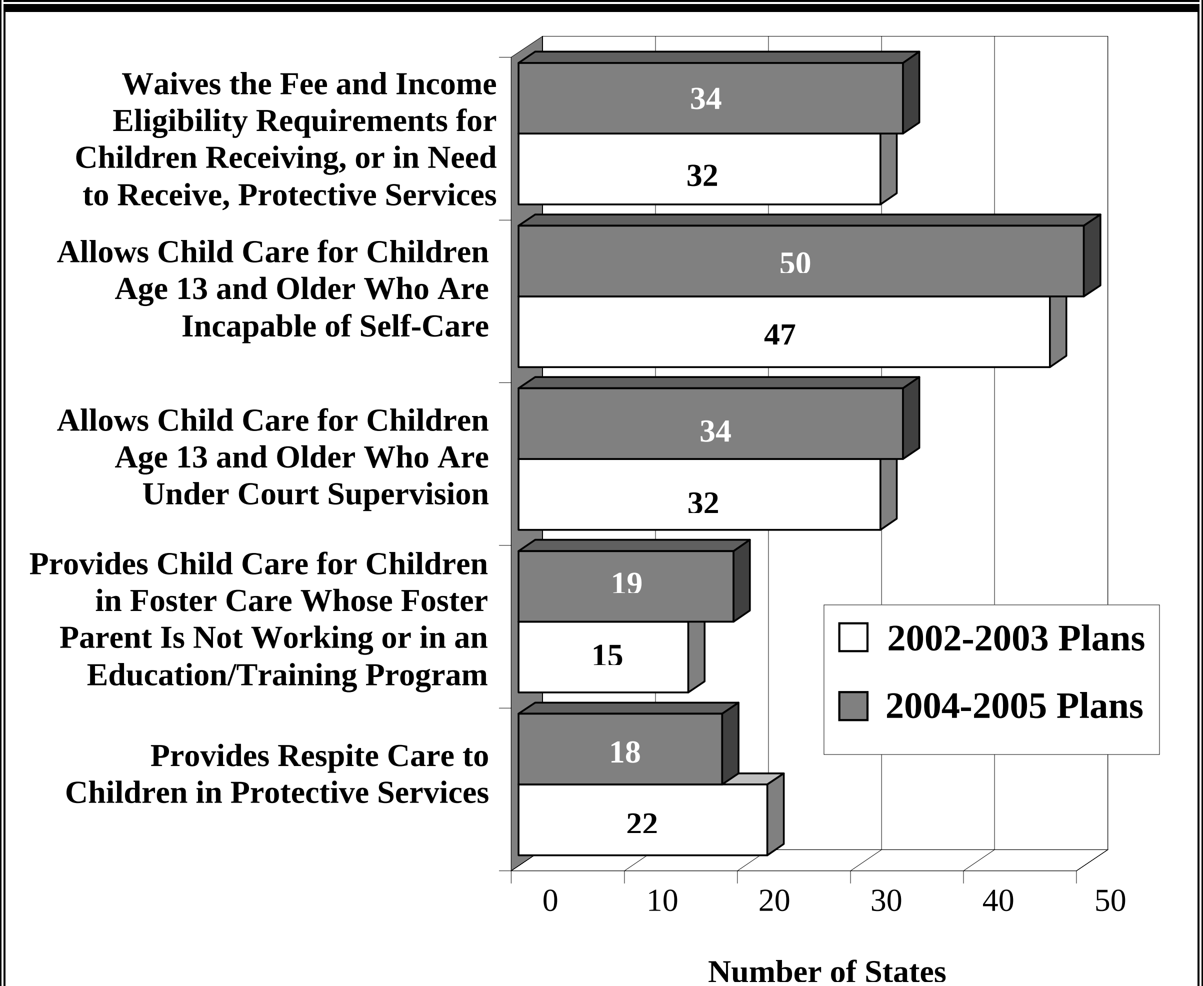
  The pursuit of child support is mandatory for those receiving child care subsidy in **Maryland**. An applicant who has the care of a child eligible for child support services under State regulations shall pursue the establishment and enforcement of support obligations on behalf of the child.

- Twenty five States (AL, AZ, AR, CA, DC, HI, ID, IL, IN, KS, ME, MN, MS, MO, MT, NV, NM, NC, OH, OR, PR, SD, VT, WV, WY) *do not* establish additional eligibility conditions or priority rules, nor do these rules vary in different parts of the State.

3.3.4–3.3.8 – Special Eligibility Considerations

Most States have structured the child care assistance program to address the service needs of special populations including children in protective services, teenagers with physical or mental disabilities, children under court supervision, and children in foster care. Table 3.3.4–3.3.8 summarizes special eligibility considerations used by States to assure that target populations have access to child care services.

CHART 3.3.4–3.3.8
SPECIAL ELIGIBILITY CONSIDERATIONS



Source: Information compiled from State CCDF Plans, FY 2002-2003 and FY 2004-2005.

Section 3.3.4 – Has the Lead Agency elected to waive, on a case-by-case basis, the fee and income eligibility requirements for cases in which children receive, or need to receive, protective services, as defined in Appendix 2? (658E(c)(3)(B), 658P(3)(C)(ii), §98.20(a)(3)(ii)(A))

- Thirty-four States (AL, AK, AZ, CA, DE, DC, FL, GA, HI, IN, IA, KS, KY, LA, ME, MA, MI, MN, MO, MT, NE, NH, NV, NJ, NY, OK, PR, SC, SD, TX, VT, WA, WV, WI) and three Territories (AS, GU, VI) reported that they have elected to waive, on a case-by-case basis, the child care copayment and income eligibility requirements for children who are in need of protective services.

- Six States (CT, ID, MD, MS, PA, VA) and one Territory (CNMI) reported that the do not waive child care copayment and income eligibility requirements for children who are in need of protective services.

- Twelve States (AR, CO, IL, NM, NC, ND, OH, OR, RI, TN, UT, WY) reported that the question was not applicable because they do not use CCDF funds to pay for child care for children in protective services.

Section 3.3.5 – Does the Lead Agency allow child care for children above age 13 but below age 19 who are physically and/or mentally incapable of self-care? (Physical and mental incapacity must then be defined in Appendix 2.) (658E(c)(3)(B), 658P(3), §98.20(a)(1)(ii))

- Fifty States (AL, AK, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OK, OR, PA, PR, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI, WY) and two Territories (GU and VI) offer child care subsidies to eligible families with children who are physically and/or mentally incapable of self-care and are younger than age 19.

  In **Texas**, the 28 Workforce Development Boards are authorized to establish whether or not the Board will provide care for children with disabilities from 13 to 19 years of age. Twenty-six of the 28 Boards have chosen to serve children with disabilities up to age 19. The Central Texas Workforce Development Board and the Golden Crescent Workforce Development Board have chosen not to do so, citing lack of any identified need for this service in the workforce area and the need to maintain consistency in serving only children below age 13.

- Two States (AZ and OH) and two Territories (AS and CNMI) reported that they do not allow child care for children with disabilities age 13 and older.

Section 3.3.6 – Does the Lead Agency allow child care for children above age 13 but below age 19 who are under court supervision? (658P(3), 658E(c)(3)(B), §98.20(a)(1)(ii)

- Thirty-four States (AK, CT, DE, GA, HI, ID, IL, IN, KS, KY, LA, MI, MS, MO, MT, NE, NV, NH, NJ, NY, NC, ND, OK, PR, SC, SD, TN, TX, UT, VA, VT, WA, WV, WY) and two Territories (GU and VI) reported that they allow child care assistance for children above age 13 and younger than age 19 who are under court supervision.

- Three States (LA, NC, OR) make child care assistance available for children who are younger than age 17 if they are under court supervision.

- Twenty-two States (AK, DE, GA, HI, IL, IN, KS, MI, MS, MT, NE, NJ, ND, OK, PR, SD, TX, UT, VT, VA, WV, WY) and one Territory (VI) make child care assistance available for children who are younger than age 18 if they are under court supervision.

- Nine States (CT, ID, KY, MO, NV, NY, SC, TN, WA) and one Territory (GU) make child care assistance available for children who are younger than age 19 if they are under court supervision.

- One State (NH) makes child care assistance available to children who are age 21 or younger.

- Eighteen States (AL, AK, AZ, CA, CO, DC, FL, IA, ME, MD, MA, MN, NM, OH, OR, PA, RI, WI) and two Territories (AS and CNMI) reported that they do *not* allow child care assistance for children above age 13 and below age 19 who are under court supervision.

Section 3.3.7 – Does the State choose to provide CCDF-funded child care to children in foster care whose foster care parents are not working, or who are not in education/training activities? (§§98.20(a)(3)(ii), 98.16(f)(7))

- Nineteen States (AL, AK, AZ, DE, FL, LA, ME, MA, MS, MO, MT, NE, NH, NJ, SD, TX, VT, WA, WI) and one Territory (VI) reported that they choose to provide child care assistance to children in foster care, even if their foster parents are not employed or participating in an approved training or education program.

- Thirty-three States (AR, CA, CO, CT, DC, GA, HI, ID, IL, IN, IA, KS, KY, MD, MI, MN, NV, NM, NY, NC, ND, OH, OK, OR, PA, PR, RI, SC, TN, UT, VA, WV, WY) and three Territories (AS, CNMI, GU) reported that they do *not* provide child care assistance to children in foster care if their foster parents are not employed or participating in an approved training or education program.

Section 3.3.8 – Does the State choose to provide respite child care to children in protective services? (§§98.16(f)(7), 98.20(a)(3)(ii)(A) & (B))

- Eighteen States (AL, AK, CA, DE, IN, LA, ME, MA, MT, NV, NH, PR, SC, SD, TX, WA, WV, WI) and three Territories (AS, GU, VI) reported that they choose to provide respite child care to children in protective services.

- Thirty-four States (AZ, AR, CO, CT, DC, FL, GA, HI, ID, IL, IA, KS, KY, MD, MI, MN, MS, MO, NE, NJ, NM, NY, NC, ND, OH, OK, OR, PA, RI, TN, UT, VT, VA, WY) and one Territory (CNMI) reported that they do *not* choose to provide respite child care to children in protective services.

Section 3.4 – Priorities for Children

The following describes the priorities for serving CCDF-eligible children including how priority required by the statute is given to children of families with very low family income and children with special needs: (Terms must be defined in Appendix 2) (658E(c)(3)(B))

In addition to the Federal requirement that all States give priority to families with "very low incomes" (as defined by the State) and families of children with special needs, States have defined multiple service priorities that encompass other groups of children and families as well. These priorities matter most when the demand for child care assistance exceeds funding, and they can be a means for States to implement waiting lists of parents who have applied for the subsidy.

- Eighteen States (AL, AZ, CO, FL, IN, KS, LA, MD, MS, NV, NH, NM, OH, PA, RI, TN, VT, WI) reported that they give families participating in TANF and/or families transitioning off TANF first priority for child care assistance. In the FY 2002-2003 CCDF Plans, 24 States reported that families participating in TANF were given first priority.

- Ten States (DE, DC, GA, IA, KY, NY, OR, PR, SC, TX) provided multiple priorities—including families with children with special needs, very low income families, TANF families, and teen parents, among others—but did not identify a first priority for service delivery.

Families with children with special needs and families with very low incomes, as defined by the States, are specified as priority populations in the Federal statute.

- Fifteen States (AR, IL, ME, MI, MN, MO, NE, NC, ND, OK, SD, UT, WA, WV, WY) and three Territories (CNMI, GU, VI) make these families a *first* priority.

- Three States (CA, HI, NJ) give first priority to families of children receiving protective services.

- One Territory (AS) gives first priority to families with children receiving protective services and very low income families.

- Two States (AK and MA) reported that assuring continuity of care was the first priority in determining priorities for CCDF-eligible children.

  In **Alaska**, a wait list must prioritize eligible families for participation in the program with highest priority given to those families in which the parent is working or attending school, followed by families in which the parent is seeking work. Within each of the two priority categories, families must be prioritized by income and family size, so that a family whose income is determined to be lowest on the department's family income and contribution schedule will receive the highest priority.

  The following individuals will not be placed on a wait list, but will immediately receive benefits upon eligibility determination:

  - A new child of a participating family;
  - A child with special needs;
  - A child with parents who are less than 20 years of age and who are enrolled in a high school completion program; and
  - A child of a family who has left a temporary assistance program within the last 12 months because of employment.

  When there is insufficient funding to serve existing families, the highest priority for retention is given to the families with the lowest income adjusted by family size and prioritized by lowest income within each of the two categories described in the wait list procedure above.

  The Office of Child Care Services (OCCS) has established continuity of care as a priority of the subsidized child care system to best serve the needs of **Massachusetts** low-income families who meet CCDF income guidelines and are working, conducting a job search, or enrolled in a training or educational program. Children currently receiving subsidized child care are given priority within the system. Children whose care was terminated less than three months prior and who remain otherwise eligible are also given priority within the system as well as families on an eight-week maternity leave. To enable OCCS to best manage these priorities and move children into care as quickly as possible, four times a year OCCS compiles an unduplicated list of families waiting for income eligible child care.

- One State (NC) allows counties to establish their own priorities; however, counties are required to set aside part of their allocation for children with special needs. Most counties also give priority to families who are working—in particular, those receiving TANF benefits who are working or participating in a training activity. Of the families who receive child care subsidies, approximately 85 percent have annual incomes below $25,000.

- Of the States that identified a *first* priority in Section 3.4, eight (IL, OK, SD, VT, WA, WV, WI, WY) reported that they do not have waiting lists and that the priorities described in this section would apply only in the event that a waiting list was implemented.

The following describes how CCDF funds will be used to meet the needs of families receiving Temporary Assistance for Needy Families (TANF), those attempting to transition off TANF through work activities, and those at risk of becoming dependent on TANF. (658E(c)(2)(H), Section 418(b)(2) of the Social Security Act, §§98.50(e), 98.16(g)(4))

- Twenty-three States (AL, AZ, CA, CO, DC, GA, ID, IL, IN, LA, ME, MA, MN, MS, MT, NV, NJ, NY, OH, PR, RI, TN, UT) appear to guarantee child care assistance to TANF families.

- Sixteen States (AK, AR, FL, MD, MO, NH, NC, ND, OK, OR, PA, SD, WA, WV, WI, WY) appear to not guarantee child care assistance to TANF families. While these families may be given priority in some States, they could be placed on a waiting list if sufficient funding is not available.

- Fifteen States (AL, AZ, CA, CO, GA, IL, IA, LA, ME, MA, MS, NY, OH, TN, UT) appear to guarantee child care assistance to families who are transitioning off TANF.

- Seventeen States (AK, AR, FL, MD, NE, NV, NH, NJ, NC, ND, OR, PA, SD, WA, WV, WI, WY) appear to not guarantee child care assistance to families who are transitioning off TANF. While these families may be given priority in some States, they could be placed on a waiting list if sufficient funding is not available.

- Twelve States (AR, CA, GA, KY, MI, MN, NE, NV, NJ, ND, OH, SC) reported that families transitioning off TANF may receive child care assistance subject to a time limit, usually ranging from three to 36 months.

- One State (UT) guarantees child care assistance to families at risk of becoming dependent on TANF.

- Sixteen States (AL, AK, AZ, AR, GA, MS, NE, NJ, ND, OH, OR, TN, WA, WV, WI, WY) reported that families at risk of becoming dependent on TANF are served when funds are available.

The following describes how the Lead Agency addresses situations in which funding is not sufficient to serve all families that are technically eligible under State policies:

When faced with an insufficient level of funding for child care subsidies to meet demand, States commonly will implement a waiting list, which is kept at the Lead Agency office or its designate. However, nearly a fifth of the States reported that the decision to establish a waiting list is contingent on several factors.

- Twenty-nine States (AL, AZ, AR, CA, CO, CT, DE, DC, FL, GA, IN, IA, KY, LA, ME, MD, MA, MN, MS, MT, NV, NH, NJ, NC, PA, TN, TX, UT, VA) and three Territories (AS, CNMI, VI) reported that when funding is not sufficient to serve all families eligible under State policies, the Lead Agency has or will establish a waiting list implementing service priorities reported in Section 3.4.

- Nine States (AK, KS, NM, NY, ND, OH, WA, WV, WY) and one Territory (GU) reported that they do not automatically establish a waiting list to meet expected shortfalls in funding, but consider taking alternative policy actions such as freezing intake without implementing a waiting list, increasing parent copayments, reducing rates, and/or lowering income eligibility thresholds.

  West Virginia has already been faced with the situation in which funding was not sufficient to serve all families that are technically eligible under State policies. The agency opted not to implement a waiting list. A number of funding policies were initiated to reduce expenditures. The Lead Agency implemented the following changes in March 2002:

  - Eligibility was changed from 200 percent of FY 2000 FPL to 150 percent of FPL for entry and an exit level of 185 percent of FY 2000 FPL.
  - Parent copayments were increased by approximately 50 percent, although over 90 percent of families still pay less than 10 percent of their monthly gross income in fees.
  - Start-up grants to child care centers were eliminated.
  - A before- and after- school program named School Day Plus was eliminated.
  - An incentive rate offered to providers to care for children during nontraditional work hours was changed to require at least four hours of care.
  - A proposed incentive rate for providers who completed an infant and toddler class was not implemented.

  If funding is not sufficient to serve all families who are eligible under State policies, **Kansas** chooses to address the funding crisis by reducing the income eligibility ceiling. If funding is not sufficient, then families do not get served, no matter which route is taken. From February 1 to July 1, 2003, Kansas was forced to reduce the income eligibility ceiling from 185 percent to 150 percent of the Federal Poverty Level. The Kansas Legislature approved reinstatement of the 185 percent eligibility ceiling.

Section 3.5 – Sliding Fee Scale for Child Care Services

A sliding fee scale, which is used to determine each family's contribution to the cost of child care, must vary based on income and the size of the family.

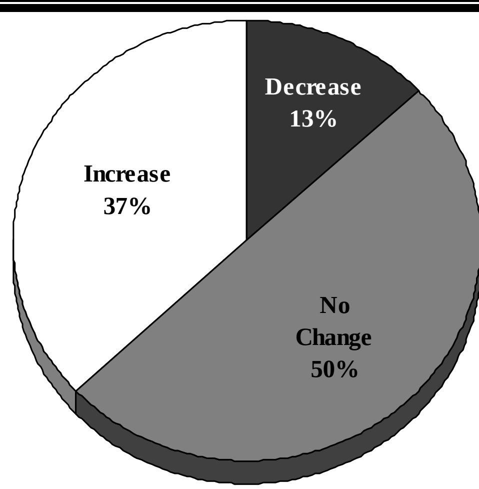
Will the Lead Agency use additional factors to determine each family's contribution to the cost of child care? (658E(c)(3)(B), §98.42(b))

Table 3.5 identifies the monthly income level at which the full family fee is required, whether the Lead Agency requires the fee for families at or below poverty level, and the minimum and maximum copayments required by the Lead Agency, as described in each State's CCDF Plan.

To determine the extent to which State policies changed from the FY 2002-2003 CCDF Plans to the FY 2004-2005 Plans, the fee required of a typical working family of three with income at 125 percent of the Federal Poverty Level (FPL) was compared using sliding fee scales submitted with CCDF Plans. Because copayment levels in some States may depend on factors in addition to income and family size, fees paid by a sample family in its first year of subsidy receipt—with only one child, age 4, who received care in a licensed child care center—were charted.

As shown in Chart 3.5-A, in 50 percent of the 46 States for which fees could be determined for both years, the copayment required of the sample family, when adjusted for change in the Federal Poverty Limit, did not change. In 37 percent of States examined, the sample family faced an increased fee, while in 13 percent of States their fee decreased.

CHART 3.5-A
CHANGE in COPAYMENT LEVELS for FAMILIES with INCOMES at 125% of FEDERAL POVERTY LEVEL, FY 2002–FY 2004

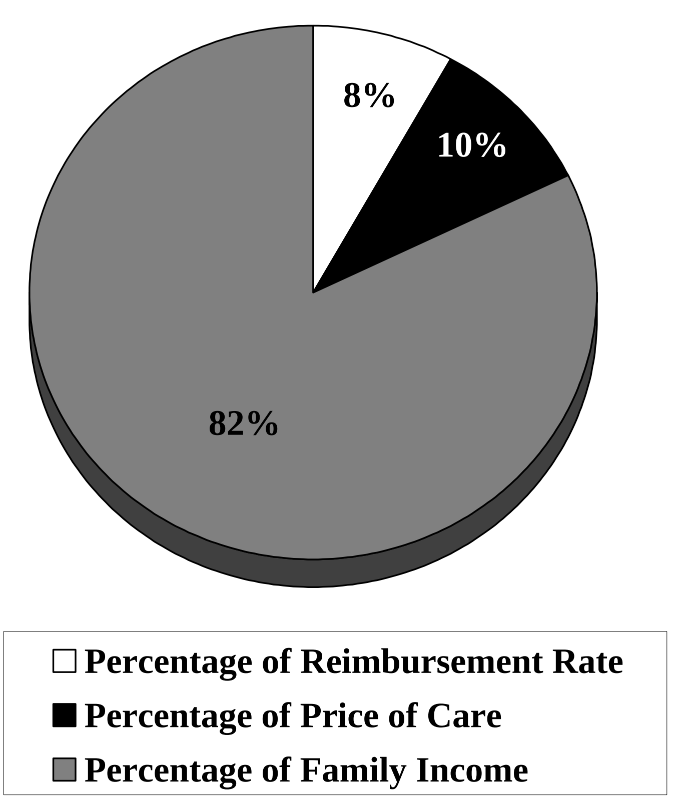


Source: Information compiled from State CCDF Plans, FY 2002-2003 and FY 2004-2005.

Note: Fees could be calculated for both years for 46 States only.

States determine copays differently and use a variety of factors such as family income, family size, and price of care when establishing sliding fee scales. Often sliding fee scales express the copayment amount as a percentage of family income, a percentage of the price of care, or a percentage of the State reimbursement rate ceiling. In the FY 2004-2005 Plans, approximately 83 percent of States opted to establish copays primarily based on a percentage of family income. Chart 3.5.1-B illustrates how States determine copayment levels.

CHART 3.5-B
HOW STATES DETERMINE COPAYMENT LEVELS



Source: Information compiled from State CCDF Plans, FY 2004-2005.

- Forty-three States (AL, AK, AZ, CA, CO, CT, DC, FL, GA, IL, IN, IA, KS, KY, ME, MD, MA, MN, MS, MO, MT, NE, NH, NJ, NM, NY, NC, OH, OK, OR, PA, PR, RI, SC, SD, TN, TX, UT, VA, WA, WV, WI, WY) established copayments primarily based on a percentage of family income.

- Five States (AR, DE, ID, LA, NV) established copayments based primarily on a percentage of the cost of care.

- Four States (HI, MI, ND, VT) established copayments based primarily on a percentage of the State's child care reimbursement rate ceiling.

States reported using additional factors to determine a family's contribution (copayment) to the cost of child care.

- Eighteen States (AZ, CO, DE, DC, IL, KS, ME, MD, MA, NE, NJ, NM, OK, TN, TX, UT, WV, WI) reported charging an additional copayment when more than one child from a family is receiving a subsidy payment.

  Colorado waives fees for families under 100 percent of poverty in several pilots under the Consolidated Child Care Pilots program. The pilot program provides comprehensive child care services to Head Start, Colorado Preschool Program, and Colorado Child Care Assistance Program families.

  Maryland establishes the fee for the youngest child in a family based on family size and income. Additional copayments for second and third children are based on a reduced percentage of the cost of care. The fourth and subsequent children in a family are not assigned a copayment.

- Thirteen States (CO, DE, DC, FL, IA, MO, NH, NJ, NY, NC, TX, WI, WY) reported assessing lower copayments for part-time care.

  The **District of Columbia** applies a fee to the first two children in a family. The fee for the second child is 75 percent of the fee for the first child. The total copayment is set so that it does not exceed 10 percent of the family's annual income. Part-time fees are 60 percent of the full-time fees.

  In **Texas,** 28 local Workforce Development Boards consider several factors in setting copayments: the number of children in care; whether care is full-day or part-day, full-week or part-week; and the length of time the children have been in care. Most Boards use some, or all, of these additional factors in setting their sliding fee scales.

  Wisconsin's child care copayment schedule incorporates several factors: family size and income, whether the care provided is State-licensed or county-certified, part-time, or full-time.

The Lead Agency may waive contributions from families whose incomes are at or below the poverty level for a family of the same size. (§98.42(c))

- Two States (IL and WY) reported that they require *all* families to pay a fee. In the FY 2002-2003 Plans, five States (AK, CT, IL, SC, WY) reported that they required all families with incomes at or below the poverty level to pay a fee.

- Eleven States (AR, CA, HI, IN, IA, MA, NE, PR, RI, SD, VT) waive fees for *all* families with incomes at or below the poverty level.

- Thirty-nine States (AL, AK, AZ, CO, CT, DE, DC, FL, GA, ID, KS, KY, LA, ME, MD, MI, MN, MS, MO, MT, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, SC, TN, TX, UT, VA, WA, WV, WI) waive fees for *some* families with incomes at or below the poverty level.

- Five States (AL, AK, AZ, NV, NC) waive fees for families with zero countable income.

- Twenty-four States (AK, AZ, CO, CT, DE, DC, GA, ID, IA, KS, LA, MD, MI, MS, NH, NJ, NY, ND, OR, PA, SC, TN, TX, UT) waive fees for families with open TANF cases.

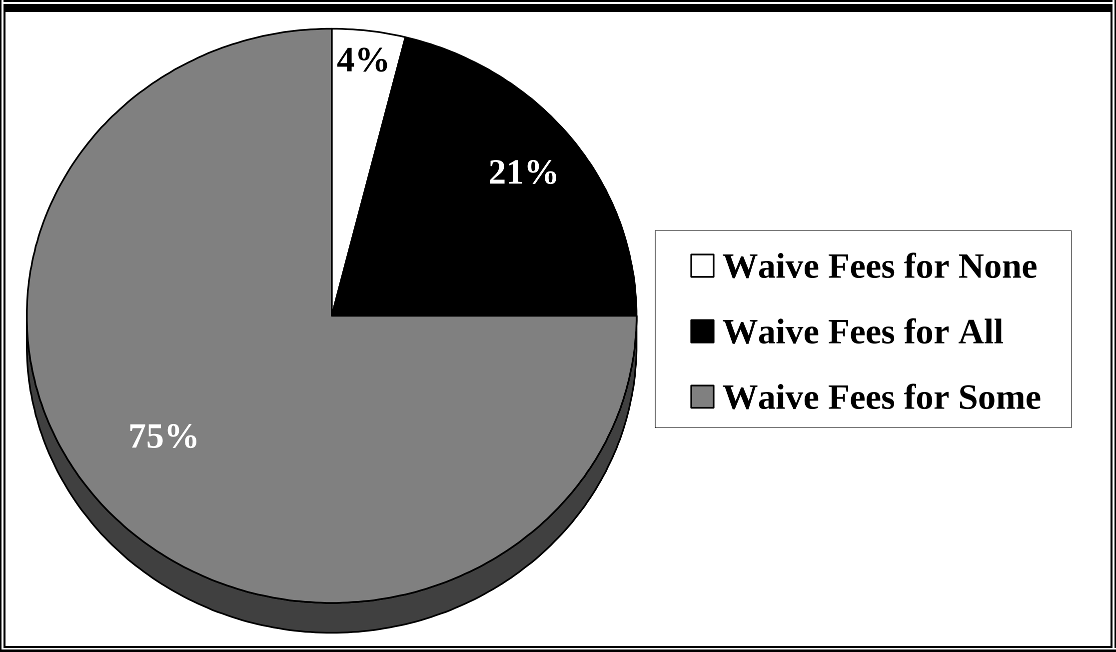
- Sixteen States (GA, IA, KS, KY, ME, MI, MO, MT, NV, NH, NJ, OK, SC, WA, WV, WI) waive fees or allow fees to be waived for families receiving protective services.

- Two States (CO and DC) waive fees for teen parents.

- One Territory (GU) waives copayments for teen parents.

- One Territory (AS) charges no copayments because all CCDF participants are below the poverty level.

CHART 3.5-C
STATE COPAYMENT WAIVER POLICIES for
FAMILIES AT/BELOW POVERTY LEVEL



Source: Information compiled from State CCDF Plans, FY 2004-2005.

Does the Lead Agency have a policy that prohibits a child care provider from charging families any unsubsidized portion of the provider's normal fees (in addition to the contributions discussed in 3.5.1)? (§98.43(b)(3))

- Seventeen States (AR, CO, DE, DC, IL, IA, KS, MA, MO, NE, NJ, NM, OH, OK, RI, WA, WV) reported that they prohibit child care providers from charging fees in addition to the copayments established by the State. However, many of these States made it clear that providers could charge late fees or additional fees for registration, transportation, field trips, and so forth.

Arkansas requires child care providers participating in the subsidy program to sign the following agreement: “The Provider agrees to accept reimbursement received from DHS as payment in full for all services covered by this Agreement except the collection of fees expressly authorized by DHS.”

Kansas providers sign an agreement indicating they may not charge parents the difference between the reimbursement rate and the private pay rate. Kansas has had a long-standing policy to allow providers to assess extra charges for transportation, overtime, late fees, holidays, and extra absent days (time) if the provider’s policy is to charge the private sector the extra charges.

- Six States (DE, IL, MA, MO, NE, NJ) reported that they prohibit some—but not all—providers from charging fees in addition to the copayments established by the State.

Missouri prohibits providers from charging an additional amount for care of children in Protective Services, Alternative Care, or Adoptive Placements throughout the Division of Family Services.

Nebraska reported that if the child care provider charges the private pay families based on enrollment, rather than days attended, the provider can charge the subsidized family for unscheduled absences.

New Jersey has a policy that child care centers under contract with the State cannot charge subsidy recipients rates higher than the maximum reimbursement rates allowed by DHS.

TABLE 3.5
CHILD CARE ASSISTANCE FAMILY COPAYMENT POLICIES, FAMILY of THREE[1]

State/Territory	Monthly Upper Income Level at which Maximum Fee is Required[2]	Are Families at or Below Poverty Required to Pay a Fee?	Minimum Family Fee (full-time care)	Maximum Family Fee (full-time care)	Is the Same Sliding Fee Scale Used in All Parts of the State?[3]	Does the State Prohibit Providers from Charging Families Any Unsubsidized Portion of Providers' Normal Fees?
Alabama[4]	$2,543.00	Some	$5.00/week	$72.50/week	Yes	No
Alaska[5]	$3,854.00	Some	$13.00/month	$766.00/month	Yes	No
Arizona	$2,099.00	Some	$1.00/day $0.50/day 2nd child	$10.00/day $5.00/day 2nd child	Yes	No
Arkansas	$2,009.26	None	0% of fee	100% of fee	Yes	Yes
California	$2,925.00	None	$2.00/day	$10.50/day	Yes	No
Colorado	$4,000.00	Some	$6.00/month	$560.00/month plus $20.00 each additional child	Yes	Yes
Connecticut	$4,332.00	Some	2% of gross income	10% of gross income	Yes	No
Delaware	$2,544.00	Some	1% of cost of care	80% of cost of care	Yes	Yes[6]
District of Columbia	$2,892.00	Some	$0.00	$13.08/day, 1st child $22.89/day, 2nd child	Yes	Yes
Florida	Varies by locality	Some	$0.80/day	$11.20/day	No	No
Georgia	$2,201.00	Some	$0.00	$45.00/week	Yes	No

TABLE 3.5
CHILD CARE ASSISTANCE FAMILY COPAYMENT POLICIES, FAMILY of THREE[1]

State/Territory	Monthly Upper Income Level at which Maximum Fee is Required[2]	Are Families at or Below Poverty Required to Pay a Fee?	Minimum Family Fee (full-time care)	Maximum Family Fee (full-time care)	Is the Same Sliding Fee Scale Used in All Parts of the State?[3]	Does the State Prohibit Providers from Charging Families Any Unsubsidized Portion of Providers' Normal Fees?
Hawaii	$3,678.00	None	0% of reimbursement rate ceiling	20% of reimbursement rate ceiling	Yes	No
Idaho	$1,706.00	Some	7% of cost of care	100% of cost of care	Yes	No
Illinois	$2,328.00	All	$4.33/month, 1 child $8.67/month, 2 children	$186.32/month, 1 child $320.64/month, 2 children	Yes	Yes[6]
Indiana	$1,590.00	None	$0.00	9% of gross income[7]	Yes	No
Iowa	$2,316.00	None	$0.00	$12.00/day for full-day	Yes	Yes
Kansas	$2,353.00	Some	$0.00	$243.00/month	Yes	Yes
Kentucky	$2,099.00	Some	$0.00	$10.50/day, 1 child $11.50/day, 2 or more children	Yes	No
Louisiana	$2,596.00	Some	30% of cost of care	70% of cost of care	Yes	No
Maine	$3,038.01	Some	2% of gross income	10% of gross income	Yes	No

TABLE 3.5
CHILD CARE ASSISTANCE FAMILY COPAYMENT POLICIES, FAMILY of THREE[1]

State/Territory	Monthly Upper Income Level at which Maximum Fee is Required[2]	Are Families at or Below Poverty Required to Pay a Fee?	Minimum Family Fee (full-time care)	Maximum Family Fee (full-time care)	Is the Same Sliding Fee Scale Used in All Parts of the State?[3]	Does the State Prohibit Providers from Charging Families Any Unsubsidized Portion of Providers' Normal Fees?
Maryland	$2,499.17	Some	$4.00/month, 1st child $4.00/month, 2nd & 3rd child	$146.00/month, 1st child $116.00/month, 2nd & 3rd child	No	No
Massachusetts	$4,104.00	None	$0.00	$120.00/week	Yes	Yes[6]
Michigan	$1,990.00	Some	5% of reimbursement rate ceiling	30% of reimbursement rate ceiling	Yes	No
Minnesota	$3,704.50	Some	$5.00/month	$741.00/month	Yes	No
Mississippi	$2,583.25	Some	$10.00/month, 1 child $20.00/month, 2 children	$180.00/month, 1 child $190.00/month, 2 children	Yes	No
Missouri	$1,482.00	Some	$1.00/year	$4.00/day/child	Yes	Yes[6]
Montana[9]	$1,878.00	Some	$10.00/month	$263.00/month	Yes	No
Nebraska	$2,255.00	None	$48.00/month, 1 child $96.00/month, 2 children	$214.00/month, 1 child $428.00/month, 2 children	Yes	Yes[6]
Nevada	$3,112.00	Some	0% of child care benefit	85% of child care benefit	Yes	No
New Hampshire	$2,914.00	Some	$0.00	$0.50/week	Yes	No

TABLE 3.5
CHILD CARE ASSISTANCE FAMILY COPAYMENT POLICIES, FAMILY of THREE[1]

State/Territory	Monthly Upper Income Level at which Maximum Fee is Required[2]	Are Families at or Below Poverty Required to Pay a Fee?	Minimum Family Fee (full-time care)	Maximum Family Fee (full-time care)	Is the Same Sliding Fee Scale Used in All Parts of the State?[3]	Does the State Prohibit Providers from Charging Families Any Unsubsidized Portion of Providers' Normal Fees?
New Jersey	$3,179.17	Some	$0.00	$294.90/month, 1st child $221.20/month, 2nd child	Yes	Yes[6]
New Mexico	$2,550.00	Some	$0.00	$205/month, 1 child $307.50/month, 2 children (one-half the copay for the 1st child)	Yes	Yes
New York[11]	Varies by locality	Some	Varies by locality	Varies by locality	No	No
North Carolina	$2,852.00	Some	10% of gross income	10% of gross income	Yes	No
North Dakota	$2,463.00	Some	20% of reimbursement rate ceiling, to a maximum of $42/month	80% of reimbursement rate ceiling, to a maximum of $365/month	Yes	No
Ohio	$2,099.00[12]	Some	$1.00/month	$203.00/month	Yes	Yes
Oklahoma[13]	$2,918.00	Some	$0.00	$263.00/month	Yes	Yes
Oregon	$1,900.00	Some	$43.00/month	$399.00/month	Yes	No
Pennsylvania	$2,988.42	Some	$5.00	$70.00/week	Yes	No
Puerto Rico	$1,054.00	None	$0.00/week[14]	$43.00/week	Yes	No
Rhode Island	$2,861.25	None	$0.00	14% of gross income	Yes	Yes
South Carolina	$2,225.00	Some	$3.00/child/week	$11.00/child/week	Yes	No

TABLE 3.5
CHILD CARE ASSISTANCE FAMILY COPAYMENT POLICIES, FAMILY of THREE[1]

State/Territory	Monthly Upper Income Level at which Maximum Fee is Required[2]	Are Families at or Below Poverty Required to Pay a Fee?	Minimum Family Fee (full-time care)	Maximum Family Fee (full-time care)	Is the Same Sliding Fee Scale Used in All Parts of the State?[3]	Does the State Prohibit Providers from Charging Families Any Unsubsidized Portion of Providers' Normal Fees?
South Dakota	$2,544.00	None	$10.00/month minimum	15% of family income	Yes	No
Tennessee	$2,355.00	Some	$1.00/week, 1 child $2.00/week, 2 children	$47.00/week, 1 child $83.00/week, 2 children	Yes	No
Texas	Varies by locality[15]	Some	11% of gross monthly income, 1 child 13% of gross monthly income, 2 or more children	11% of gross monthly income, 1 child 13% of gross monthly income, 2 or more children	No	No
Utah	Not Reported[15]	Some	$10.00/week, 1 child $15.00/week, 2 children $18.00/week, more than 2 children	$255.00/week, 1 child $281.00/week, 2 children $306.00/week, more than 2 children	Yes	No
Vermont	$2,586.00	None	0% of reimbursement rate ceiling	90% of reimbursement rate ceiling	Yes	No
Virginia	$2,353.00	Some	10% of gross monthly income[16]	10% of gross monthly income	No	No

TABLE 3.5
CHILD CARE ASSISTANCE FAMILY COPAYMENT POLICIES, FAMILY of THREE[1]

State/Territory	Monthly Upper Income Level at which Maximum Fee is Required[2]	Are Families at or Below Poverty Required to Pay a Fee?	Minimum Family Fee (full-time care)	Maximum Family Fee (full-time care)	Is the Same Sliding Fee Scale Used in All Parts of the State?[3]	Does the State Prohibit Providers from Charging Families Any Unsubsidized Portion of Providers' Normal Fees?
Washington	$2,544.00	Some	$15.00/month	$50.00/month plus 44% of the difference between family income and 137.5% of FPL (calculated at $399.80/month at the highest income level)	Yes	Yes
West Virginia	$2,181.00[17]	Some	$0.00	$5.75 per child[18]	Yes	Yes
Wisconsin	$2,543.00	Some	$4.00/week, 1 child licensed care $2.00/week, 1 child certified care Higher fee for additional children	$55.00/week, 1 child licensed care $39.00/week, 1 child certified care Higher fee for additional children	Yes	No
Wyoming	$2,544.00	All	$0.40/day per child	$4.00/day per child	Yes	No

Sources: Information compiled from State CCDF Plans, FY 2004-2005, effective October 1, 2003.

Notes:

[1] Information reported is based on a family of three (including one or two children) with no infants or children with special needs. Some States provide different fee scales for families with infants and/or children with special needs.

[2] Where the Lead Agency provided information on an annual income, income was divided by 12 and reported as "monthly." Where the Lead Agency reported information on a weekly income, it was multiplied by four and reported as "monthly." All monthly income levels were rounded to the nearest dollar.

[3] Where the Lead Agency provided different sliding fee scales for different localities, the locality used is the one containing the largest urban area in the State.

Notes (continued):

[4] Families with more than one child in care pay one-half the applicable fee for each sibling in care.

[5] Sliding fees set as a percentage of adjusted gross income, varying by family income level expressed as a percentage of SMI. The minimum fee is based on the lowest level of the sliding fee scale, 1 percent of adjusted gross income.

[6] Delaware, Illinois, Massachusetts, Missouri, Nebraska, and New Jersey prohibit some providers from charging fees in addition to copayment fees established by the State.

[7] In Indiana, copay amounts vary by how long a family receives child care assistance; the maximum family fee applies in the third year of receipt.

[8] In Maryland, copay amounts vary by age of child, as well as by family income and size.

[9] Montana has a flat fee of $10.00/month at the lowest income eligibility levels, but bases fees at higher income levels on percentage of gross monthly income; at the highest income level, the copayment represents 14 percent of gross monthly income.

[10] The maximum fee listed for New Jersey applies only in cases where a family receiving services applies for redetermination of eligibility to continue to receive services; for families making initial application to receive child care assistance, at a maximum income level of $2,543.33, the maximum fee is $180.55/month for the first child and $209.15/month for the second child.

[11] Each Social Service District in New York State selects its own fee percentage, within a range permitted by the State (between 10 and 35 percent, to calculate the family contribution toward child care); The family share is determined by applying the percentage to the excess of the family's gross annual income over the State income standard for the size of family in question, divided by 52. The selections of the local departments of social services are subject to the approval of the State. The Lead Agency did not report data for any Social Service District.

[12] Income eligibility is capped at 165 percent of Federal Poverty Level (FPL). Ohio families participating in Head Start–child care collaborations may remain eligible at higher incomes and are assessed higher copayment amounts.

[13] In Oklahoma, a family's contribution also is determined based on number of children in care. For example, at monthly income levels above $1,936, the family pays the full cost of care for the first child, plus a copay for a second child that varies with income; at monthly income levels above $2,377, the family pays the full cost of care for the second child also, plus a copay amount for a third child that varies with income. For families of five or fewer members, at monthly income levels of $2,919, copays phase out and families pay the full cost of care for all children in care.

[14] Although the Puerto Rico copayment table includes a lower sliding fee amount of $36.00/month, families below 50 percent of SMI (1994) are not required to pay the family fee.

[15] CCDF Plan did not specify maximum monthly income at which the maximum required fee applies.

[16] In Virginia, there is a minimum fee of $25 per month for fee-system families with income of at least $250.00 per month.

[17] West Virginia reported that it capped intake at 150 percent of FPL.

[18] The West Virginia sliding fee scale included in its CCDF Plan did not include information on the frequency with which the copay is paid (daily, weekly, or monthly).

Section 3.6 – Certificate Payment System

A child care certificate means a certificate, check, or other disbursement that is issued by the Lead Agency directly to a parent who may use it only to pay for child care services from a variety of providers including community and faith-based providers (center-based, group home, family and in-home child care), or, if required, as a deposit for services. (658E(c)(2)(A)), 658P(2), §§98.2, 98.16(k), 98.30(c)(3) & (e)(1))

Describe the overall child care certificate payment process, including, at a minimum:

3.6.1 A description of the form of the certificate: (§98.16(k))

3.6.2 A description of how the certificate program permits parents to choose from a variety of child care settings by explaining how a parent moves from receipt of the certificate to the choice of provider: (658E(c)(2)(A)(iii), 658P(2), §§98.2, 98.30(c)(4) & (e)(1) & (2))

3.6.3 If the Lead Agency is also providing child care services through grants and contracts, explain how it ensures that parents offered child care services are given the option of receiving a child care certificate. (§98.30(a) & (b))

A child care certificate may be a computer-generated or handwritten voucher, a letter, a check, or other form of disbursement, so long as it is regarded as assistance to the child rather than the provider. The certificate must be flexible enough to follow the child to whatever child care program or provider is selected by the parents, as long is the provider is eligible to receive subsidy payments under State and Federal policies.

Most Lead Agencies describe their certificate as a “service authorization” or “notice of eligibility” for child care assistance. The certificate is typically used as a paper trail to officially inform both the parent and the child care provider that the child is eligible for subsidy. In most cases the certificate often contains information on the approved reimbursement rate and the total number of hours of child care authorized. A fairly typical description of a States certificate follows.

> The **Iowa** Child Care Assistance Certificate form is the agreement between the eligible parent, the child care provider and the Department. The form lists family information, including the children needing care, the units of service needed, the type of care and the projected number of hours to be provided, any applicable parent fee, the allowable payment, provider information, and effective dates. Signatures on the form indicate agreement by all parties to the terms.

A few States describe their child care certificate as something other than a payment authorization. A few examples follow:

> In the **District of Columbia**, an admission form (certificate) is issued to a parent at intake. The admission form includes: the child’s name, date of birth, and social security number; the parent’s name and social security number; signature of the social service representative; and the date signed. The parent signs the form and takes it to the provider, who indicates the date

the child was admitted to the program, and signs the form. The form is then returned to the administrative agency (Office of Early Childhood Development).

In **Minnesota**, the letter indicating approval of the child care application serves as the child care certificate. Upon approval, the client may choose any licensed or authorized nonlicensed child care provider to care for their children.

South Dakota has a coupon system for families with immediate short-term child care needs, such as TANF-related job search, job club, and job readiness activities. Coupons are supplied to TANF Employment Specialists and Caseworkers Statewide and are used as needed for their TANF applicants and recipients.

Most States have established policies that require intake staff to explain, verbally and in writing, that parents may select the type of child care that is most appropriate for their family and child. Most Lead Agencies contract or coordinate with child care resources and referral agencies to help parents select appropriate child care. Procedures vary from State to State. A few examples follow:

The certificate in **Vermont** is a notice of eligibility and serves as a notice to the provider. Parents are allowed to select care from the full range of regulated or certified providers in the State. If a parent does not have a provider at the time of application for the subsidy program, the subsidy specialist will explain the options for types of care available to the parent and assist the family to connect with referral services to locate a provider of the parents' choice. With eligibility determination housed in the community, the subsidy program and resource and referral are co-located in most districts, making this an easier process for families.

In **Michigan**, a certificate is issued after payment for care is authorized. The child care provider must meet eligibility criteria for payment. Parents are not limited to an agency list of providers. Parents may select relative care providers or day care aide (in-home) providers and request that they be enrolled. This allows the parent to choose from all eligible provider types and care settings. Customers who request assistance in finding a licensed or registered provider are referred to the child care resource and referral agency serving their county.

Illinois operates its subsidy program through CCR&R agencies. Parents who have selected a child care home or center submit the application to their local CCR&R for processing. If a parent needs assistance in locating a provider, the parent is referred to the appropriate CCR&R staff. Once the application is processed, local CCR&R staff contact the provider to explain the payment and billing procedure and answer any other questions regarding the certificate program.

Most Lead Agencies reported that the bulk of their CCDF service dollars were administered via certificates and that grants and contracts were used only in special circumstances, such as in targeted programs for migrant populations, children with special needs, school-age children, teen parents, or homeless families (See Section 3.1.1). However, a few States maintain large contract systems. These States typically require intake staff to inform parents about both contracts and certificates. Some examples follow:

In most counties in **California,** parents can place their name on multiple waiting lists, including those for direct service programs and certificate programs. If a family has placed its name on multiple lists and its name comes up on a direct service program waiting list first, the family can elect to enroll their child in the direct service program and remain on the certificate program waiting lists; or, the family can decline to enroll their child in the direct service program and wait for their name to come up on the certificate program's waiting list.

Connecticut child care centers that have a contract with the Lead Agency are required, as a condition of funding, to advise all parents with whom the program has contact about the availability of the child care certificates.

Massachusetts offers child care services through a large number of contracted sites and supplies an equal number of certificates (vouchers) for child care slots. The State has found that a system based on both contracts and vouchers provides stability for providers while maintaining flexibility for parents.

New Jersey has established specific admissions criteria for contracted child care agencies to ensure that subsidized child care services are provided to eligible children in greatest need of service. Eligible families who are placed on a waiting list in contracted centers are advised of the certificate program and where to get additional information.