

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**States' Child Care Certificate Systems: An
Early Assessment of Vulnerabilities and
Barriers**



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EXECUTIVE SUMMARY

PURPOSE

To identify vulnerabilities and barriers to effective implementation of States' child care certificate systems under the Child Care and Development Fund which is administered under the Child Care and Development Block Grant Act.

BACKGROUND

Child Care a Priority

Difficulty in obtaining affordable and safe child care is widely recognized as a major barrier that prevents families from leaving welfare and entering and remaining in the workforce. The Administration has made ensuring safe, accessible and affordable child care for low-income families a top priority. The Congress has also given attention to this area.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 repealed the existing Title IV-A child care programs (AFDC/JOBS Child Care, Transitional Child Care, and At-Risk Care) and created two new child care funds (matching and mandatory). The funding for these programs is now folded into the Child Care and Development Fund (CCDF). Program goals include the following: promoting parental choice; encouraging States to provide consumer education to parents; and helping States implement health, safety, licensing, and registration standards. The program is currently funded for a total of \$20.9 billion for Fiscal Years 1996-2002.

Use of Certificates

The Child Care and Development Fund (CCDF) requires States to give eligible families the option of enrolling their children with an eligible provider that has a grant or contract or receiving a child care certificate (also called a voucher) with which they can purchase child care. During the last few years, certificate use has become the primary method of financing care. Approximately half of parents using certificates obtain care from informal providers -- neighbors or relatives. Most of these informal providers are license-exempt - they operate legally outside of the States' regulatory framework.

Parental choice, the primary goal of the certificate system, presents additional challenges to meeting the other goals of the CCDF, such as consumer education and health and safety. States need to place additional emphasis on the provision of consumer education and the enforcement of health and safety standards in a system where many parents choose license-exempt providers.

Methodology and Scope

Our study is not meant to be a definitive evaluation of States' certificate systems. Rather, it is intended to provide a baseline of information upon which to build knowledge of this complex system. In that vein, in order to gain knowledge and understanding of any barriers to the use of certificates in implementing the CCDF, we interviewed State Child Care administrators in all 50 States and the District of Columbia and collected data regarding their child care subsidy systems. In addition, in six States (California, Georgia, Illinois, New Jersey, Oregon, and Texas) we performed a more intensive review. We interviewed State lead agency staff, certificate/voucher management agency staff (either from private or public State contracted agencies), child care resource and referral agency staff, and parents and providers in structured discussion groups.

FINDINGS

ACCESS: In the child care certificate system, parental choice may be restricted by low provider payment rates and high co-payment rates.

Without equal access to appropriate care, low-income families will not have the range of care that is adequate to support their work schedules and needs of their children. If providers are not reimbursed at rates that enable them to serve subsidized children, parents' access will be restricted and their ability to choose limited.

- Twenty-nine out of 51 States do not make payments to child care providers that are based on the 75th percentile of the market rate. (Title IV-A Child Care regulations in effect before October 1996 required that States make payments to providers caring for children using subsidies based on the 75th percentile cost of such types of care in the local areas. The preamble to the current proposed rule sets forth this same benchmark, not a requirement.)

If family co-payments are too high, families will not be able to access more expensive regulated care. These families will have no choice but to find less expensive care, which is often from a license-exempt provider.

- In at least 22 out of 51 States, many families eligible to receive child care subsidies are subject to co-payments that exceed 10 percent of their income. (The Administration for Children and Families sets forth the 10 percent benchmark in the preamble of the proposed rule. In addition, most experts believe 10 percent to be the limit of affordability. We use this as the standard for our analysis.)

CONSUMER EDUCATION Child care consumer education appears limited.

- States face multiple constraints providing adequate consumer education. These include: large caseloads; long waiting lists; multiple functions of Child Care Resource and Referral agencies; and reliance on printed materials.

- Families using child care subsidies face multiple constraints accessing consumer education. For those families not linked to the welfare system, access to consumer education is particularly limited. Individual practical constraints, such as time and transportation also restrict access. Lastly, families that have a provider prior to entry receive minimal consumer education.

HEALTH AND SAFETY: State efforts may not be sufficient to ensure that health and safety standards are met, particularly for license-exempt providers.

- Minimal on-going and professional monitoring of providers may not ensure that basic health and safety standards are being met. Forty-three States rely on self-certification of license-exempt providers.
- Only 12 States report screening all providers. Screening of providers for criminal background and child abuse and neglect history is lacking in some States, particularly for license-exempt providers.

RECOMMENDATIONS

With regard to access, our analysis highlights the funding constraints within the child care certificate system. We recognize that hard choices need to be made about child care spending versus other important social needs. The responsibility for adequately funding the child care certificate system involves Federal, State, local and private resources. Funding allocation decisions are legitimate issues that cannot be addressed in our study. However, we make several recommendations regarding the other issues highlighted in our report.

The Administration for Children and Families should:

- Set forth the goal that States monitor all providers (including relatives) through professional inspections of all child care settings (i.e. in-home, family homes and centers) and know the backgrounds of all providers through criminal background and child abuse history registry checks.
- Help States establish intrastate and interstate comprehensive child abuse and neglect and criminal background check registries, and toll free numbers to report problems and concerns.
- Disseminate information about effective ways to enhance consumer education.
- Help States devise outcome measures of quality consumer education.

We acknowledge the difficulty of implementing these recommendations and suggest that States look to the Department of Defense model of monitoring and oversight of child care and to States that have already incorporated these provisions into their systems.

We make these recommendations recognizing the Administration for Children and Families' Child Care Bureau's past efforts addressing many of these areas. We urge them to continue efforts to provide technical assistance and guidance to the States.

AGENCY COMMENTS

We received comments from the Administration for Children and Families. The ACF concurs with our recommendations and describes actions they will take in response to our recommendations. The ACF's actions include increased technical assistance and dissemination of information to States on model practices regarding the monitoring of child care providers. In addition, ACF will consult with child welfare to craft solutions to the constraints involved in using child abuse and neglect central registries such as confidentiality, scope of information maintained and allowable uses of that information. The ACF will also continue to disseminate information about effective ways to enhance consumer education. Finally, ACF will develop optional data elements to report the manner in which consumer education is provided to parents. The full text of the Administration for Children and Families comments is in Appendix B.

We acknowledge their efforts and urge ACF to continue to provide support and assistance to States.

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INTRODUCTION

PURPOSE

To identify vulnerabilities and barriers to effective implementation of States' child care certificate systems under the Child Care and Development Fund which is administered under the Child Care and Development Block Grant Act.'

BACKGROUND

Child Care Assistance as Policy

Difficulty in obtaining affordable and safe child care is widely recognized as a major barrier that prevents families from leaving welfare and entering and remaining in the workforce. Experts agree that parents are more likely to work and remain in the workforce if child care is affordable, stable, conveniently located, and of good quality.² Child care helps parents establish and maintain economic self-sufficiency. Child care assistance is crucial to successfully move families from welfare to work and to enable low-income working families to remain in the workforce.

A focus of the Administration and a Secretarial initiative, child care is viewed as critical to the success of States' welfare-to-work efforts. The Administration has made ensuring safe, accessible and affordable child care for low-income families a top priority under welfare reform. Additional Administration investment in child care includes initiatives such as Healthy Child Care America, increased funding for Head Start, and the sponsoring of a White House Conference on Child Care in October 1997.

Child Care Assistance Programs

Since 1962, child care payments have been available for recipients of Aid to Families with Dependent Children (AFDC) who were receiving job training, although this benefit was infrequently used because mothers of preschool children were exempted from job training requirements. As the emphasis of welfare reform efforts has increasingly focused on transitioning recipients from welfare to work, child care assistance became an essential component.

The Family Support Act (FSA) of 1988 guaranteed child care (called AFDC/Job Opportunities and Basic Skills Training Program (JOBS) child care) for families participating in work, educational, or training activities. In addition, FSA guaranteed families that left welfare for work, 1 year of Transitional Child Care (TCC). In 1990, Congress passed two additional pieces of legislation that recognized the need for child care support among all low-income families, not just those on AFDC. The Child Care and Development Block Grant (CCDBG) and the At-Risk Child Care program provided low-income working families with child care subsidies. The CCDBG targeted child care services for low-income families as well as activities to improve the overall quality and

supply of child care for families in general. The CCDBG was 100 percent federally funded and did not require a State match. At-Risk Child Care, which required a State match, targeted funding to low-income non-AFDC families that needed care in order to work and at-risk of becoming eligible for AFDC. Unlike JOBS and Transitional Child Care, CCDBG and At-Risk Child Care were not entitlement programs.

Welfare Reform and Child Care

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) authorized a major overhaul of the welfare system and replaced AFDC with block grants to the States, offering the States maximum flexibility to design their own welfare programs. The PRWORA mandates strict work requirements and lifetime eligibility limits. More recipients are required to participate in work activities for longer hours. In addition, the Act lowers the age of the child for which a work exemption is granted and forbids States from sanctioning a single parent with a child under age six for refusing to participate in required activities due to lack of child care.

The PRWORA repealed the existing IV-A programs (AFDC/JOBS Child Care, Transitional Child Care, and At-Risk Child Care) and created two new child care funds (mandatory and matching). The funding for these programs is now folded into the Child Care and Development Fund (CCDF) administered by the State lead agency responsible for administering the previous CCDBG. The CCDF also includes discretionary funds.

PRWORA establishes five goals for the expanded CCDF:

- 1) allowing States maximum flexibility in developing their programs;
- 2) promoting parental choice;
- 3) encouraging States to provide consumer education to parents;
- 4) helping States provide child care to parents trying to become independent of public assistance; and
- 5) helping States implement health, safety, licensing, and registration standards established in State regulations.

Significantly, PRWORA eliminated the guarantee of child care to welfare families who are working or in approved education and training, and the guarantee of Transitional Child Care assistance. While child care assistance is no longer an entitlement, States must use at least 70 percent of CCDF mandatory and matching funds to provide child care services to three categories of families: those receiving public assistance under the new Temporary Assistance to Needy Families (TANF) program; families that are trying to become independent of public assistance through work activities; and families that are at-risk of becoming dependent on public assistance. States must ensure that a substantial portion of the remaining 30 percent of these funds, in addition to the discretionary funds are used for child care services to eligible families other than those described above.

The definition of “eligible child” was revised to increase the maximum family income to 85 percent of the State median income for a family of the same size, instead of 75

percent, as contained in prior law. States set their own eligibility limits no higher than 85 percent of the State median income.

States are also responsible for setting parent sliding fee scales and maximum provider reimbursement rates. States may exempt families at or below 100 percent of Federal poverty and protective services' families from contributing to the cost of care. All other families are required by the legislation to contribute to the cost of their child care. In addition, under former IV-A requirements, States were required to make payments to providers based on the 75th percentile cost of such types of care in local areas, this provision is no longer a required piece of the legislation.

Current Authorization

The Child Care and Development Block Grant Amendments of 1996 authorized and appropriated \$13.9 billion in mandatory and matching (capped entitlement) funding for fiscal years (FYs) 1997-2002 and authorized \$7 billion in discretionary funding for FYs 1996-2002. The \$20.9 billion in Federal funding over 7 years represents a \$4 billion increase in funds over the old law.

The capped entitlement portion of the fund has two parts -- the mandatory funds (the base funding amount) and matching funds (those above the base that require a State match). Mandatory funding allocations to States are based on previous State spending on the three former title IV-A programs -- AFDC/JOBS, Transitional Child Care, and At-Risk child care. The mandatory funds are automatically available to States each year.

To qualify for the matching funds portion, States must obligate their mandatory funds awarded in a fiscal year, maintain their past effort in child care and provide the State match. States can match Federal funds at their Medicaid matching rate. The matching funds will be allocated according to the proportion of children under age 13 in each State to the national number of children under age 13.

Congress must appropriate the discretionary portion of the CCDF funds annually. These funds will be allocated based on the previous CCDBG funding formula and do not require a State match.

Certificates and Contracts

The CCDF requires States to give eligible families the option of (1) enrolling their children with an eligible provider that has a grant or contract or (2) receiving a child care certificate with which they can purchase child care. The CCDF goal of promoting parental choice is the fundamental principle of the certificate system. During the last few years, certificate use has become the primary method of financing care. Certificates may be issued directly to the parent or to the provider. Certificate system payments may be in the form of checks or other disbursements, such as cash, at the discretion of the State. In most States, payments are sent directly from the State to the provider.

Unlike contracts, which tie funding to a specific site, certificates allow parents to choose from a broad range of providers. A certificate is an agreement by the State to subsidize child care for a specific child. In contrast, a contract is an agreement between the State and a provider for a guaranteed slot or number of slots, but not for a specific child to fill that slot.

From center-based care to a neighbor's or relative's home, parents with a certificate can choose the child care setting that best meets their needs. Certificates can be used with any legally operating provider as defined by the State. In most States, "informal care" provided by a neighbor or relative who cares for a small number of children in their own home or the parent's home does not need to be licensed. Fifty-five percent of poor parents use informal care arrangements.³

Parental choice, the primary goal of the certificate system, presents additional challenges to meeting the other goals of the law such as consumer education and health and safety. States need to place additional emphasis on the provision of consumer education and the enforcement of health and safety standards in a system where many parents choose license-exempt providers who operate legally outside of the regulatory framework.

Safety and Quality of Care

The important role of child care in relation to States' welfare reform efforts and new studies demonstrating the importance of early childhood brain development has focused attention on the availability, accessibility, safety, and quality of child care in America. Child care must take place in a setting that is consistently safe, supportive, and developmentally appropriate. This is particularly important for low-income children who need a strong start to overcome the disadvantages of poverty.⁴

In order to ensure a child's safety in their care setting, it is considered essential that providers meet basic health and safety standards and that States regulate and monitor the quality of these programs. Well-trained, educated, and well-compensated providers and programs with higher staff-child ratios are most likely to provide quality care environments.⁵ These standards are often found in higher cost programs and those with State or national accreditation.⁶

Child care experts also assert that quality is best measured by observing the interaction between child and provider and the day-to-day experiences of children in these programs. Frequent professional monitoring by the State is difficult, time-consuming, and expensive, but is considered by experts to be essential.⁷ In addition, parents who are knowledgeable about child care can play an integral part in on-going monitoring.

Other OIG Work

In 1994, the Office of Inspector General (OIG) work in the area of child care found that States were weak in ensuring health and safety requirements were being met and that children were in environments that could be hazardous to their health and safety

("Nationwide Review of Health and Safety Standards at Child Care Facilities," CIN: A-04-94-00071). This study also raised questions regarding how States can enforce standards and provide assurances regarding the health and safety of children cared for in facilities exempt from licensing. The study also recommended using public education to train parents on the applicable standards that a child care provider should be evaluated against.

Previous OIG work from 1990 in the area of child care found that parent participation is vital in assisting the States in the enforcement of child care regulations and assurance of quality care ("Enforcing Child Care Regulations," OEI-03-89-00700, "Effective Practices in Enforcing Child Care Regulations," OEI-03-89-00701). However, these studies found that most parents may not know what to look for in assessing their own child's care facility. The report states that several respondents suggested that if parents knew what to look for and what questions to ask, providers would be forced to comply with and take regulations more seriously.

Department of Defense

While it is crucial to recognize that State child care systems face many different constraints than the military, there are lessons to be learned from the Department of Defense's child care experience, especially concerning its efforts to enhance monitoring, safety, and quality.

In the late 1980s, facing a crisis brought on by loosely organized systems, and little or no oversight, the military took comprehensive steps to address child care problems including availability, health and safety standards and provider training. Focusing on oversight, accreditation, consistent care, and quality across provider types; the military is a useful example of a system that maximizes accountability that children are being cared for in safe, quality settings. According to a spokesperson from the Department of Defense, the linchpin of their system is four unannounced inspections per year and a system-wide toll free number to report safety concerns.

Methodology and Scope

Our study is not meant to be a definitive evaluation of States' certificate systems. Rather, it is intended to provide a baseline of information upon which knowledge of this complex system can be built. To gain knowledge and understanding of any barriers to the use of vouchers in implementing the new Act, we interviewed State Child Care administrators in all 50 States and the District of Columbia (hereafter referred to as 51 States) and collected data regarding their child care subsidy systems. We also reviewed components of FY 1997 and 1998 State plans. To provide more detailed information on how some of these State programs are operating, in six States (California, Georgia, Illinois, New Jersey, Oregon, Texas) we interviewed in person State lead agency staff, certificate/voucher management agency staff (either from private or public State contracted agencies), and child care resource and referral agency staff.' Parents and providers were also interviewed in separate structured group discussions.

The issues addressed in this report include parental choice, consumer education, and State monitoring of State health and safety standards. We reviewed State certificate systems accountability, but did not evaluate individual child care programs for fraud and abuse. In addition, we did not inspect individual child care programs or evaluate State monitoring records.

We conducted our review in accordance with the “Quality Standards for Inspections” issued by the President’s Council on Integrity and Efficiency.

FINDINGS

ACCESS: In the child care certificate system, parental choice may be restricted by low provider payment rates and high co-payment rates.

In all 51 States, State child care administrators, voucher management administrators, and their respective staff reported that parents are given the option of certificates or a similar mechanism to choose a provider of their choice. In fact, the majority of subsidized care in the United States is provided through certificate systems.⁹

Parental choice is the basic principle on which most State certificate systems are designed. In all States, various categories and types of providers (i.e. relative, family home, or center-based care) are eligible to receive subsidies. In all 51 States, State and voucher management agency (VMA) administrators emphasized the importance of freedom of choice for parents with regard to their desired type of child care. In our structured discussions, parents also reported receiving the option to choose their preferred type of child care.

Recognizing the importance of parental choice, however, does not necessarily translate into implementing choice. Certificate use and parental choice do not guarantee that parents will either be able to access their preferred type of care or receive the best care available. As one State administrator stated, and information reported from other States supports, closing the gap between the “implementation and reality of parental choice is a complex task.”

Twenty-nine out of 51 States do not make payments to child care providers based on the 75th percentile of the 1996 market rate.¹⁰

Title IV-A Child Care regulations in effect before October 1996 required that States make payments to providers caring for children using subsidies based on the 75th percentile cost of such types of care in the local areas.” While the requirement to make payments based on the market rate is no longer required, the Administration for Children and Families and many experts recommend that States maintain rates at the 75th percentile of the market in order for parents to have equal access.¹² Without equal access to appropriate care, low-income families will not have the range of care that is adequate to support their work schedules and needs of their children. If providers are not reimbursed at rates that enable them to serve subsidized children, parent’s access will be restricted and their ability to choose limited.

In most States, conflict exists between paying providers based on the market rate and serving all eligible families. Some States reported that they will not continue to make payments based on the market price for care. Due to budget constraints, these States cannot both make payments at the market rate and provide subsidies for all families with incomes below 85 percent of the State median income.

A few States reported that they will pay specific types of providers such as relatives or license-exempt providers below the market rate. A small number of States said they will pay a higher rate to providers with accreditation and additional training. Case study respondents from the States, voucher management agencies and Child Care Resource and Referral agencies reported that most child care providers are not adequately paid to ensure low staff turnover, high staff/child ratios, and participation in the subsidy system. Rather than pay providers lower rates, or restrict parent eligibility, respondents would like their States, needless to say, to increase overall funding allocations.

Various respondents reported that payment rates were not adequate for parents to access many of the centers in their State. Some parents interviewed in the six case study States reported that they sought to have care provided in some centers that would not accept the maximum State reimbursement rate. These parents were forced to choose a less expensive provider. Some respondents stated that a parent's inability to access higher cost centers, which are often those with national or State accreditation, may inhibit clients from accessing quality care. Experts reported that reasonable payment rates for subsidized care are critical in ensuring access to decent child care.¹³

Providers interviewed in the six case study States reported that below market payment rates are a significant impediment to serving subsidized children. Many providers expressed concern that the increasing gap between the subsidized payment rate and the market rate, in addition to other subsidized system components such as retrospective payments and large paperwork burdens, will restrict their ability to serve subsidized children.

For example, only three States reported that they pay providers prospectively which is how the non-subsidized child care market operates. Forty-five States reported that they pay providers on a retrospective payment schedule ranging from 5 to 60 days after care is provided. In addition, while a few case study States send one attendance sheet to a provider with all children listed, other case study States send as many as three pieces of paper per child for monthly completion. Some providers from centers who serve large numbers of children reported that they have had to hire additional staff in order to complete required paperwork.

In at least 22 out of 51 States, many families eligible to receive child care subsidies are subject to co-payments that exceed 10 percent of their income.¹⁴

Affordable parent co-payments are one of the key elements in determining that a child care program provides equal access to child care services for eligible families. Nationally, in 1993, all families paid an average of 8 percent of their income for child care. Yet, families earning less than \$14,400 a year paid 25 percent of their incomes for child care.¹⁵ The Administration for Children and Families, in addition to many child care experts, believe that child care may not be affordable if parents have to pay more than 10 percent of their income for child care, regardless of how many children are in care.¹⁶ We use this percent of income as the benchmark of affordable care for our analysis.

The CCDF sets forth that States require that parents contribute to the cost of their subsidized child care. States set parent sliding fee scales and they may exempt families at or below 100 percent of Federal poverty and protective services families from contributing to the cost of care. All other families are required by law to contribute to the cost of their child care. States also set their own eligibility requirements for parents earning up to 85 percent of State median income.

In 10 States, families with incomes at or below 100 percent of the Federal poverty level are not required to contribute to the cost of care. In 18 States, TANF recipients with earned income are not required to contribute to the cost of care.

The co-payment amount parents are required to pay varies widely across States. Some States require only a nominal fee, while others require parents to pay a sizable percentage of their family income. For example, in New Hampshire, parents pay either one or two dollars a month depending on income; in Texas parents pay a flat fee of either 9 or 11 percent of their income depending on if they have one child or more than one child in care, respectively. Further, in Vermont parents at 125 percent of poverty for a family of three pay 5 percent of the cost of care, while their counterparts in New Mexico pay 17.4 percent of their family income. Lastly, for parents earning up to 150 percent of Federal poverty, States' required co-payment amounts range from 0 percent to 30 percent of a family's income.

Finally, a parent's co-payment may not represent the full amount of a parent's share of the cost of child care. In most States, providers may charge a fee above the maximum State reimbursement rate and require parents who use subsidies to make up the difference.

The following table on page 10 shows the co-payment amount required by States for families at 100, 125, and 150 percent of the Federal poverty level. The co-payment amount for these families varies within some States by factors including variation in the cost of care, type of provider, age of the child, and the number of children in care.

STATE CO-PAYMENTS

<u>Percent of Federal Poverty Level*</u>	<u># of Children in Care</u>	<u># of States Requiring Co-pay > 10%</u>	<u>Range of Co-pay Among States</u>
100	1	3	0%-12.2%
	2	11	0%-18.3%
	INELIGIBLE	0	
125	1	10	0%-16.4%
	2	17	0% - 27.7%
	INELIGIBLE	1	
150	1	14	>1% - 30%
	2	19	>1% - 30%
	INELIGIBLE	7	

**family of three assumed.*

Source: FY 1998 Child Care Plans

Overall, in 22 out of 51 States co-payment amounts exceed 10 percent of family income for at least one of the income groups evaluated. Twenty-two States are represented in the table above because in three States, families at 125 percent of Federal poverty would be required to pay in excess of 10 percent, but families at 150 percent of Federal poverty in that State would be ineligible for subsidies.

Cliff Effect Another concern expressed by many State and voucher management agency respondents is the so-called “cliff effect”: the point at which a parent’s co-payment rises so sharply that they can no longer afford their care. For some parents, the cliff effect causes them to turn down a raise at work or choose a less expensive type of care that may not be of comparable quality. Most parents reported that they believe parents should be required to contribute to the cost of care. A number of parents, however, had difficulty meeting co-payment requirements. One parent stated “the more I make the more I have to pay. It’s hard to get ahead.” In one State, sliding fee scale changes under their new child care plan will require that many parents pay significantly more than previously required. For example, a family of three at the poverty level with two children in care who previously paid one dollar a month will now have to pay 70 times that much. Center providers in this State expressed concern that many families would not be able to continue participating in the subsidy system and would be forced to seek less expensive informal care.

CONSUMER EDUCATION: Child care consumer education appears limited.

To help parents make informed choices about child care, States provide consumer education information through State offices or voucher management agencies, or through contracts with Child Care Resource and Referral agencies (CCRRs). Good consumer information is critical to making the child care market function properly. If parents are not able to make informed choices, their access to the market is limited. Further, if parents demand safe and quality care, providers are more likely to supply it. To emphasize the importance of consumer education, Congress changed the legislative wording from the former requirement in the legislation that consumer education “be made available” to the current requirement that States “collect and disseminate” consumer education that will “promote informed child care choices.”

While respondents in all case study States emphasized the importance of consumer education, most reported that they were not able to provide sufficient consumer education. Multiple constraints exist to voucher management agencies providing adequate consumer education including: large caseloads, long waiting lists; multiple functions of Child Care Resource and Referral agencies; and reliance on printed materials. In addition, parents face multiple constraints accessing consumer education including services targeted to welfare recipients to the exclusion of low-income working families and individual practical constraints.

States Face Multiple Constraints Providing Adequate Consumer Education

Large Caseloads, Long Waiting Lists In three of six case study States, large caseloads and an insufficient amount of funding to serve all eligible clients dictate agency practice. Typical caseloads of 350 to 500 families impede voucher management agencies’ ability to regularly provide services beyond eligibility determination and payment. In many States, under welfare reform, child care caseload growth is likely to happen at the same time many States are cutting back on casework staff. One State administrator reported that her State is cutting the number of workers at the same time the child care caseload is expected to grow three to four fold. In addition, long waiting lists add to some voucher management agencies’ sense of urgency in allocating subsidies because many eligible families remain on the waiting list for months or years before new slots become available.

Voucher management agency staff recognize the importance of providing consumer education, yet they reported that they usually do not have enough time to give parents all of the necessary information about the program and how to choose a good provider. Further, although respondents in our six case study States indicated the importance of following up with parents when care arrangements break down or problems arise, they reported that they did not have the capacity to provide follow-up consumer education as a regular service. Systemic tension exists between providing information to parents about accessing quality, stable child care and getting parents into a child care arrangement as quickly as possible. New welfare work participation requirements and time limits will most likely exacerbate this problem.

Multiple Functions of Child Care Resource and Referral Agencies Forty-one States reported that they contract with Child Care Resource and Referral agencies to provide some or all of the consumer education in that State for parents using subsidized child care. In addition, a number of States contract with CCRRs to be the voucher management agency. However, in the case study States few parents are referred to and receive education from a CCRR or a trained educator.

Even Child Care Resource and Referral agencies that are **VMAs** are organized into separate subsidy and education components with few parents accessing services from the education component. CCRR and State administrators reported that CCRRs are insufficiently funded to provide consumer education to most families in need. In addition to providing consumer education for subsidized families, most CCRRs are contracted to make referrals, maintain data bases, train providers, build child care provider supply, and provide services to the community at large. One administrator from a CCRR voucher management agency reported that many CCRRs nationwide are only able to provide referrals and cut checks and not provide sufficient consumer education due to insufficient State funding.

Reliance on Printed Materials In the six case study States, printed materials are the primary way that consumer education is made available. State and VMA administrators reported that they use a pamphlet consisting of a checklist indicating what parents should look for when choosing safe, quality care. Due to constraints mentioned above, little or no time is spent explaining safety standards and variation in training requirements between different types of care. Printed materials may not be a sufficient information source, particularly if parents have low literacy rates.

Various respondents indicated that because the provision of consumer education is minimal, it may not aid parents in choosing the type of care or provider that best meets their needs. As one VMA agency administrator stated, “Consumer education needs to help parents see they have more choices. Parents who use subsidized care believe they have no choices and may leave children in places they would rather not.” Despite urging parents to visit all child care providers referred to them by the VMA or CCRR, case study States reported that provider selection most often occurs by phone on the same day a referral is received. Accordingly, VMA staff in all six case study States reported that parents may not choose a provider based on where the parent feels her child will be best cared for and safest.

Families Face Multiple Constraints Accessing Consumer Education

Implications of Targeting Services to Welfare Recipients In the case study States, the families that systematically received consumer education beyond printed materials are those connected to the welfare system, particularly participants in required welfare to work activities. **VMAs** reported that low-income working families not connected to the welfare system do not regularly access consumer education services.

Child Care Resource and Referral agencies provide enhanced consumer education services to welfare recipients because States give targeted funding to educate welfare recipients as part of their required training. TANF work requirements, participation rates, and time limits place additional pressure on States to target services to TANF participants. Welfare work program participants usually receive a 1 hour education module from CCRRs, and in some locations may also receive referrals to providers where CCRR staff have verified openings.

Further, voucher management agency administrators reported that the majority of parents have already selected a provider prior to receiving a subsidy. These parents almost never receive consumer education beyond the basic pamphlet. While in one State, VMA staff said that the typical parent has an informal provider with whom they are unhappy, most VMA staff reported that they operate under the assumption that most parents want to keep the care they have. While different provider types may be presented, parents receive little encouragement to think about specific provider alternatives. In general, VMA staff give parents referrals to CCRRs only if parents state that they need a new provider.

Restricting parents who already have a provider and low-income working parents' access to consumer education services is a problem if the care these parents have chosen is not adequate or becomes inadequate over time. In the child care certificate system, these parents, in particular, may not know that they have child care options. In some States, parents cannot easily change their chosen type of providers if problems arise. In one case study State, for example, parents are locked into the provider payment rate for a year once the provider is chosen. If a parent chooses an informal care provider, their subsidy amount will not be sufficient for them to switch to a regulated family home or center-based care later on. In other States, parents are strongly discouraged from switching providers and help from the CCRR may not be easily accessible if new referrals are needed.

Practical Constraints on Parents Personal time constraints and transportation difficulties often restrict parents' ability to visit child care providers before a choice is made, especially if they must begin a new job or training program immediately. In addition, many parents reported that they did not know they could contact the VMA or the CCRR when they needed help finding a new child care provider. Lastly, some parents do not initiate contact with caseworkers after finding a job due to the stigma of public assistance or because they do not know about the services and resources available to them.

Minimal consumer education is compounded by the problem that referrals from VMA staff or CCRR's are often misinterpreted as recommendations. Further, many parents and VMA staff reported that child care referrals are construed not only as recommendations, but as State or VMA certification of a provider's safety and quality. All States emphasized that child care referrals made by them or contracted CCRRs are neither recommendations nor quality certifications.

Misinformation undermines a State's reliance on parents to carefully monitor their child's

provider. While referrals are usually made to regulated or licensed providers who have been monitored at least once by a professional, many States rely on parents to be ongoing monitors of their child's provider. Minimal consumer education may jeopardize States' ability to ensure the health and safety of subsidized child care.

HEALTH AND SAFETY: State efforts may not be sufficient to ensure that health and safety standards are met, particularly for license-exempt providers.

Under CCDF, States are required to establish procedures to ensure that child care providers will be subject to State and local requirements designed to ensure basic health and safety. Further, States must assure that procedures are in effect to ensure that providers comply with all applicable State or local health and safety requirements.”

Specifically, States' health and safety requirements must include the prevention and control of infectious diseases including immunizations, building and physical premises safety and minimum health and safety training appropriate to the provider setting. Only relative providers may be excluded from meeting these requirements at State option.¹⁹

While States are responsible for regulating child care, they vary widely in how they exercise that responsibility.²⁰ All providers of care to children receiving CCDF subsidies must meet basic health and safety standards as determined by the State, yet States vary in their use of mechanisms to ensure compliance with health and safety standards. Some respondents expressed concern about the mechanisms in place to ensure health and safety. A few State respondents stated that health and safety is a parent's responsibility and that they can do little, if anything, to monitor unregulated “informal” providers, hereafter referred to as license-exempt providers.²¹

We concentrated our analysis on the health and safety standards of license-exempt providers and on the background checks on both licensed and license-exempt providers.

Minimal on-going and professional monitoring of providers may not ensure that basic health and safety standards are being met.

An inherent benefit in a certificate payment system where payments are sent directly to providers, is the built-in connection between the State and the provider. However, while most States directly pay providers, they do not monitor a large proportion of the provider population -- license-exempt providers. Forty-three States (84 percent) rely on self-certification of health and safety standards for the license-exempt provider population. In these States, a provider's signature on this form stating that they meet the State's health and safety standards is the only information States have that these providers do so. There is no on-site monitoring. This is significant, because nationally, overall, 55 percent of poor parents use informal care arrangements: a relative or neighbor.²²

In some States, VMA computer systems are interfaced with licensing so that certificates and/or payments do not go to providers who are required to be licensed but are without licenses or to those providers whose licenses have been revoked. A few States reported

that they check unregulated providers against licensing records to ensure that these providers have not been denied licensure.

To a large extent, maintaining the quality and safety of child care in a system that combines public subsidies and private provision is the parents' responsibility. Parents need to evaluate and monitor the safety and quality of care their children receive. Most States rely on parents to use their consumer knowledge to choose safe providers. As one State administrator responded, our system is "based on the premise that parents know how to choose child care and that families need to be monitors."

In 18 of the 43 States that use a health and safety self-certification form, parents are required to co-sign the form -- formally relying on parents to monitor the health and safety conditions of their child care provider. Research indicates however, that parents consistently overestimate the quality of care their children receive.²³ Parent inability to recognize health and safety hazards undermines the States' abilities to provide safe care. State and VMA administrators emphasize the importance of consumer education in ensuring that parents know how to choose safe child care and make quality choices.

While consumer education helps ensure safety in all child care arrangements because even licensed centers may not be monitored frequently, it is particularly important in license-exempt arrangements where parents are usually the only monitors of the care. If consumer education is inadequate, parents may not recognize the basic health and safety regulations that all providers must meet. Accordingly, States' reliance on self-certification in combination with minimal consumer education and lack of professional monitoring, increases the risk that children are cared for in settings that do not conform to basic State health and safety requirements.

Only 12 *States reported screening all providers.*

In order to ensure a baseline of accountability within their systems, most States mandate that providers pass various background checks in order to be eligible to receive payment. The table below shows the number of States who require criminal background checks and child abuse and neglect history checks for licensed and license-exempt providers.

STATE BACKGROUND CHECKS ON CHILD CARE PROVIDERS			
<u>Type of Provider</u>	<u>Criminal Background</u>	<u>Child Abuse & Neglect</u>	<u>Both</u>
Licensed Providers	43 States	40 States	34 States
Licenseexempt Providers	20 States	20 States	16 States
All Providers	18 States	19 States	12 States

Source: HHS/OIG survey of State Child Care Administrators, September 1997

Most States exclude providers who are relatives from these safety checks and from health and safety regulation in general. One State which has a separate TANF and low-income working family child care system only screens providers caring for low-income working families and not those caring for children on TANF.

It may take quite a long time for States to get the results back from a background check. On average, it takes 5 weeks for States to get the results back from a criminal background check, but may take from 1 day to 9 months. On average, it takes 2½ weeks for a child abuse and neglect check to come back, but may take from the same day to 2 months. Further, in most States a background check is performed for crimes committed only within that State. In county administered States, a background check may only include crimes committed within that county.

In 30 out of the 43 States where at least one form of background check is required, some types of providers can provide care while the results of their tests are pending. States appear to face a conflict between restricting supply, facilitating parent's ability to work, and risking the safety of children during this period.

While one State reported that its background checks have rendered 10 percent of the license-exempt population ineligible to provide services, most States find that only a very small percentage of providers are found ineligible to provide services based on their background. However, many State administrators reported that they believe that many individuals with criminal or child abuse backgrounds are deterred from applying because of these checks.

Another mechanism used by States to ensure accountability is connecting their subsidy system to the States' child care licensing system. Nineteen out of 42 States reported that their systems are connected by computer to State licensing systems so that licenses can be easily verified. The remaining States that provided this information either do not verify license information or verify information by phone or from hard copies of the licensing data base.

RECOMMENDATIONS

This report discussed issues relating to States' child care certificate systems which were created to provide parental choice. While our recommendations pertain to the certificate system, States may want to consider these in a broader context.

We found that parental choice may be restricted by low provider payment rates and high co-payment rates, child care consumer education appears limited and State efforts may not be sufficient to ensure that health and safety standards are met, particularly for license-exempt providers.

We found that the Department of Defense as well as some States have dealt with many of these issues. Some of our recommendations coincide with Department of Defense models and lessons learned over the years. In addition, some States have used their resources to create certificate systems with models offering enhanced accountability.

With regard to access, our analysis highlights the funding constraints within the child care certificate system. We recognize that hard choices need to be made about child care spending versus other important social needs. The responsibility for adequately funding the child care certificate system involves Federal, State, local, and private resources. Funding allocation decisions are legitimate issues that cannot be addressed in our study. However, we make several recommendations regarding the other issues highlighted in our report.

We recommend that the Administration for Children and Families:

Set forth the goal that States monitor all providers (including relatives) through professional inspections of all child care settings (i.e. in-home, family homes and centers) and know the backgrounds of all providers through criminal background check/child abuse history registries.

Examples:

The military model of four unannounced inspections per year has resulted in an increased level of accountability within the system that ensures that providers are consistently meeting safety and quality standards. Each inspection has a firm "fix, waive, or close policy to ensure action."²⁴

Georgia requires that new license-exempt providers appear in person before they are approved to provide care. They must have a criminal background check. In addition, all providers are monitored to ensure that they meet health and safety standards.

Help States establish intrastate and interstate comprehensive child abuse and neglect and criminal background check registries and a toll free number to report problems and concerns.

Examples:

The California **TrustLine** requires a check on all license-exempt providers including criminal background and child abuse history. Individuals whose applications clear the background examination have their names placed onto the **TrustLine** Registry, with the understanding that their names will be monitored for future criminal conviction(s) and/or reports of child abuse.

The military has established a toll free number where suspicion or concerns about safety can be reported.

Disseminate information about effective ways to enhance consumer education.

Example:

Continue to provide regional and national forums and publications on resources, strategies, and innovations.

Help States devise outcome measures of quality consumer education. This will assist States in meeting Child Care and Development Fund legislative intentions and PRWORA requirements that States collect and report consumer education information based on outcome measures.

Examples of outcome measurements include:

- A) the number of parents who had information on how to select and maintain their child care arrangement.
- B) what information was provided to the parents who had prior arrangements to help them maintain their current choice or choose more appropriate care.

We make these recommendations recognizing the Administration for Children and Families' Child Care Bureau's past efforts addressing many of these areas. We urge them to continue efforts to provide technical assistance and guidance to the States.

AGENCY COMMENTS

We received comments from the Administration for Children and Families. The ACF concurs with our recommendations and describes actions they will take in response to our recommendations. The **ACF's** actions include increased technical assistance and dissemination of information to States on model practices regarding the monitoring of child care providers. In addition, ACF will consult with child welfare to craft solutions to the constraints involved in using child abuse and neglect central registries such as confidentiality, scope of information maintained and allowable uses of that information. The ACF will also continue to disseminate information about effective ways to enhance consumer education. Finally, ACF will develop optional data elements to report the manner in which consumer education is provided to parents. The full text of the Administration for Children and Families comments is in Appendix B.

We acknowledge their efforts and urge the Administration for Children and Families to continue to provide support and assistance to States.

APPENDIX A

ENDNOTES

1. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) refers to this title as the “Child Care and Development Block Grant Amendments of 1996.” Because this law amends both the former Child Care and Development Block grant and Title IV-A child care provisions and to distinguish the Act from the previous Child Care and Development Block Grant Act, the Administration on Children and Families refers to this section of the law as the Child Care and Development Fund. For the purpose of this report we refer to the current program as Child Care and Development Fund.
2. “Child Care Subsidies Increase Likelihood That Low-Income Mothers Will Work.” U.S. General Accounting Office. Washington DC. 1994.
White House Conference on Child Care, October 1997. Phillips, Deborah A. editor. Child Care for Low-Income Families. National Academy Press. Washington DC 1995.
Blank, Helen. Helping Parents Work and Children Succeed: A Guide to Child Care and the 1996 Welfare Act. Children’s Defense Fund. 1997
Gomby, Deanna et al. “Financing Child Care: Analysis and Recommendations.” in The Future of Children: Financing Child Care, Center for the Future of Children, Vol. 6 No.2, 1996.
3. Casper, Lynne M. “Who’s Minding Our Preschoolers?” US Census Bureau 1996.
4. Adams, Gina and Nicole Oxendine Poersch. Key Facts About Child Care and Early Education: A Briefing Book, Children’s Defense Fund, 1997.
5. Helburn, Suzanne and Carollee Howes. ‘Child Care Cost and Quality’ in The Future of Children, Financing Child Care“ Center for the Future of Children, Vol. 6, No.2 1996.
The White House Conference on Child Care, October 1997.
6. Hofferth, Sandra. “Child Care in the United States Today” in The Future of Children, Financing Child Care, Center for the Future of Children, Vol. 6 No.2 , 1996.
Adams, Gina and Nicole Oxendine Poersch. Key Facts About Child Care and Early Education: A Briefing Book, CDF 1997.

7. Hofferth, Sandra. ‘Child Care in the United States Today’ in The Future of Children, Financing Child Care, Center for the Future of Children, Vol. 6 No.2 , 1996.
8. States were selected based on factors including: size; geographic location; whether the State or a contracted voucher management agency administered subsidies; and if the State’s welfare system was State or county administered.
9. Overview of Entitlement Programs (1996 Green Book). Committee on Ways and Means, US House of Representatives.
10. State child care administrators were asked what year current payment rates were based on. If payments were not based on 1996 market rates, State administrators were asked what percentile of the current market their rate represents.
11. Title IV-A regulations required that States establish local market rates and make payments based on the 75th percentile of such types of care in the local areas. Previous CCDBG regulations required that States operating a child care program which includes child care funded under Title IV-A must operate with the same payment rates.
12. Blank, Helen. “Helping Parents Work and Children Succeed: A Guide to Child Care and the 1996 Welfare Act.” Children’s Defense Fund, January 1997. 1997 Proposed Amended Rule, Child Care and Development Fund.
13. Adams, Gina and Nicole Oxendine Poersch. Key Facts About Child Care and Early Education: A Briefing Book, CDF 1997.
14. In this report, where variation in the sliding fee scale occurs within a State, the co-payment amount used represents what a family of three with 2 children and a child under age 2 would be required to pay in the area of the State with the highest subsidy participation or highest provider payment rate.
15. Casper, Lynne M. ‘What Does it Cost to Mind Our Preschoolers?’ US Census Bureau 1996.
16. Blank, Helen. “Helping Parents Work and Children Succeed: A Guide to Child Care and the 1996 Welfare Act.” CDF, January 1997. Proposed Rule 1996 Child Care and Development Block Grant Amendment.
17. Child Care and Development Block Grant Act amendments of The Personal Responsibility and Work Opportunity Reconciliation Act of 1996.
18. As established in the CCDBG Act, States must certify that there are in effect, under State or local law, requirements designed to protect the health and safety of children that are applicable to providers that provide services for which assistance is made available. These requirements must include the three specific provisions detailed in the text of the report. In addition, States must certify that there are

procedures in effect to ensure that providers comply with all applicable health and safety requirements.

19. Section 98.41 Health and Safety Requirements of the Child Care and Development Block Grant, Final Regulations 1992.
20. Hofferth, Sandra. "Child Care in the United States Today" in The Future of Children, Financing Child Care, Vol. 6 No.2 , 1996.
21. Providers included. under "license-exempt or informal" vary from State to State. Licensed-exempt care used in this evaluation refers to care settings which operate legally outside of any regulatory framework.
22. Casper, Lynne M. "Who's Minding Our Preschoolers?" US Census Bureau 1996.
23. Helburn, Suzanne and Carollee Howes. "Child Care Cost and Quality" The Future of Children, Financing Child Care, Center for the Future of Children, Vol. 6 No.2, 1996.
24. "DoD Making a Difference in Child Care: Lessons learned while building the military child development system." Department of Defense, 1997.

APPENDIX B

AGENCY COMMENTS



DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of the Assistant Secretary, Suite 600
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

DATE: February 18, 1998

TO: June Gibbs Brown
Inspector General

FROM: Olivia A. Golden
Assistant Secretary
for Children and-Families

SUBJECT: Comments on OIG Draft Report -- "**States'** Child Care
Certificate Systems: An Assessment of Vulnerabilities
and Barriers," OEI-05-97-00320

Attached, please find comments on the above-captioned report. The Administration for Children and Families has coordinated these comments with the Office of the General Counsel. The draft inspection report presents its analysis in the form of findings and recommendations on the efficiency, vulnerability, and effectiveness of departmental programs. We respond to the recommendations and provide technical comments.

We appreciate the opportunity to comment on the draft report. If you have questions or need further information, please contact Barbara Binker of my staff at 401-5145.

Attachment

COMMENTS OF THE ADMINISTRATION FOR CHILDREN AND FAMILIES ON THE OFFICE OF INSPECTOR GENERAL'S DRAFT REPORT, "STATES' CHILD CARE CERTIFICATE SYSTEMS: AN ASSESSMENT OF VULNERABILITIES AND BARRIERS," OEI-05-97-00320

General Comments

The Administration for Children and Families appreciates the opportunity to comment on the draft report, "**States' Child Care Certificate Systems: An Assessment of Vulnerabilities and Barriers.**"

The findings in this study reflect some of the child care issues that we hear across the country. While the OIG did not include a specific recommendation regarding the finding that parental choice may be restricted by States' provider payment rates and limited co-payment rates; we agree that these elements, coupled with State choices on eligibility levels and priorities for subsidy programs, adversely impact parental choice of child care arrangements, and sometimes force families into care situations that do not even meet the basic needs for stability and safety.

OIG Recommendation:

We recommend that ACF set forth the goal that States monitor all providers (including relatives) through professional inspections of all child care settings (i.e. in-home, family homes, and centers) and know the backgrounds of all providers through criminal background check/child abuse history registries.

ACF Response:

ACF agrees with the goal of monitoring of all providers. The Child Care and Development Block Grant (CCDBG) quality funds may be used to fund child care monitoring activities. The CCDBG quality and administrative funds may be used for creating a child care background check system or to assist with the costs of performing individual background checks. ACF is committed to encouraging monitoring and background checks, through dissemination of information on model practices and other Technical Assistance activities. Under the President's initiative announced on January 7, 1998, to provide substantial new child care funds, there are proposed funds specifically dedicated to helping States increase their ability to enforce child care standards building on the military's model.

OIG Recommendation:

We recommend that the ACF help States establish intrastate and interstate comprehensive child abuse and neglect and criminal background check registries and a toll free number to report problems and concerns.

ACF Response:

As we noted in the response above, CCDBG quality and administrative funds may be used for creating a child care background, check system or to assist with the costs of performing individual background checks. Similarly, toll free numbers would be an allowable cost under the CCDBG. California's Trustline system, for example, receives some support from CCDBG funds. Again, however, there are concerns about the availability of funds for these endeavors.

ACF is committed to taking appropriate measures to encourage background checks, through dissemination of information on model practices and other Technical Assistance activities. Furthermore, other measures have been undertaken that will facilitate States' efforts to make nationwide background checks. On October 23, 1997, the President transmitted the National Crime Prevention and Privacy Compact to Congress. The compact will facilitate effective background checks on providers by eliminating State law barriers to the sharing of criminal history information for purposes other than ongoing criminal investigations. Under the compact, each ratifying State would agree to release its own criminal history information to other ratifying States for the purpose authorized by the receiving State's law. The FBI would give the requesting agency a list of States in which the individual has a criminal record, so that the agency can access those States' record directly.

Screening for a history of child abuse and neglect is certainly one important component of a background check, although other methods, such as personal interviews and reference checks, are also recognized as being essential to checking the credentials of caregivers. Of course, many incidents of child abuse and neglect do not result in criminal prosecutions or convictions. Information on these cases is maintained in the automated systems used by State child protective service agencies. In the past, many of these information systems or databases have been referred to as "central registries."

The scope of information maintained on central registries, and the allowable uses of that information, vary considerably from State to State. It is important to note that the main purpose of central registries is to maintain information about children who are the subjects of reports of abuse and neglect, rather than on the adults who are identified as perpetrators of maltreatment.

The information contained in central registries is confidential and may only be released to certain individuals or agencies for specific purposes, as detailed in State statute. Typically, information on the registry is accessible by child protective services, police officers, courts and, in some cases, physicians or others involved in the treatment of child abuse and neglect,

if the information is necessary to help them carry out their respective functions in protecting children. Particularly, when the data are used for purposes of background and employment checks, issues arise around the extent to which data on unsubstantiated cases may be maintained and on the due process rights of adults identified on the registry as perpetrators associated with child abuse and neglect.

Most States are currently in a period of transition with respect to their automated systems for child abuse and neglect. To the extent that these functions are incorporated, inherent tensions may develop on the quantity and nature of information maintained, and the procedures set in place regarding access to the information.

Given this period of flux in the development of automated systems for child abuse and child welfare in the States, it is important that we study carefully the issue of conducting child abuse and neglect background checks. The ACF will consult with State child care and child welfare officials to understand better how information on perpetrators of child abuse and neglect may be maintained in the new automated environment, and how either automated systems or systems of communication between agencies could be strengthened to develop better procedures for screening child care workers for histories of child abuse.

OIG Recommendation:

We **recommend that** the ACF disseminate information about **effective ways to** enhance consumer education.

ACF Response:

ACF concurs that information dissemination is essential and an ongoing need. CCDBG funds are available for States to utilize for Consumer Education and for Child Care Resource and Referral Services (CCR&R). Through the Child Care Bureau's Technical Assistance Projects, many events that are relevant to how States implement consumer education activities are conducted. The Child Care Bureau sponsored a leadership forum in 1996 on Consumer Education and disseminated materials to all State Child Care Administrators and others in attendance. "Promoting Quality Child Care: Innovations in Consumer Education" is a guide for the use of State and Tribal child care administrators and the early child care community. This document was distributed in DRAFT form at the leadership forum. Final printing will be made available for wide distribution in the Spring of 1998.

OIG Recommendation:

We **recommend that** ACF help States devise outcome measures of **quality consumer education.** This will assist States in meeting

Child Care and Development Block Grant legislative intentions and PRWORA requirements that States collect and report consumer education information based on outcome measures.

ACF Response:

The statute currently requires States to report the manner in which consumer education is provided and the number of parents to whom such information was provided. This information will be collected annually on the ACF-800 form.

The Bureau agrees that reporting on consumer education outcome measures would be useful. As part of the Bureau's plan for the development of performance measures, our information system contractor has been tasked with assisting the Bureau's efforts to develop optional data elements. We have already identified the development of consumer education measures as a part of this effort and have received input from the National Association of Child Care Resource and Referral Agencies concerning this effort. All measures will be developed in collaboration with States.