

## 2018 Child Care Rate Issue Brief

The designated Lead Agency in Oklahoma, the Department of Human Services (DHS), receives Child Care and Development Funds (CCDF) for child care activities identified within their state plan. Title 45, Parts 98: Sec. 98.43 of the Code of Federal Regulations requires the Lead Agency to certify rates as sufficient to ensure equal access for children receiving subsidized child care.

*CFR Title 45 Part 98: Sec. 98.43 Equal access.*

*a) The Lead Agency shall certify that the payment rates for the provision of child care services under this part are sufficient to ensure equal access, for eligible families in the area served by the Lead Agency, to child care services comparable to those provided to families not eligible to receive CCDF assistance or child care assistance under any other Federal, State, or tribal programs.*

The rate model in Attachment A was developed to project the impact and calculate the cost of modifying fixed and uniform child care subsidy rates to meet federal requirements. Child Care Services contends child care subsidy rates should not be acquired through the competitive bidding process given that each month more than 35,000 children from low-income families utilized child care subsidy at approximately 2,300 providers throughout the state.

Child Care Services proposes to increase certain rates paid for child care subsidy. The rate increases will support the access and choice of child care for families meeting eligibility criteria and promote high quality care.

### Recommendation

The child care subsidy increase is funded with 100% Federal dollars through an increase in Child Care Development Fund. Child Care Services recommends the adoption of the revised rates as proposed on Attachment A.

Effective date: August 1, 2018

## Eligibility Requirements

In order for a child to be eligible for Department of Human Services (DHS) subsidized child care, the household must meet the conditions of eligibility found in OAC 340:40-7. In order for a child care provider to receive subsidy payments from DHS, the provider must have a current Child Care Provider Contract.

### **PURPOSE**

The August 2018 Child Care Subsidy Rate Increase will:

- Create a unified statewide rate for all facilities as currently exists for Three Star facilities
- Increase child care subsidy rates to the 65th percentile as determined by the 2017 Market Rate Survey for care of children birth through age three
- Provide a minimum increase of 7% for all child care subsidy rates except One Star Centers

### **DEFINITIONS & METHODOLOGY**

The 2017 Market Rate Survey (MRS) is the basis for identifying child care rates at the targeted percentile of full-time child care subsidy rates. The term "market rate" is defined as the agreed upon pricing point in an open market between a child care provider and a private pay family for child care services. The agreed upon price is evidenced by actual enrollment at the pricing point.

### **IMPLEMENTATION**

Child care subsidy rates will increase utilizing the following principles:

- Three Star child care rates are currently unified on a statewide basis.
- A 7% increase in child care rates for infant through three-year-old for enhanced area One Star child care homes
- To facilitate the unified statewide rate, standard area One Star child care home rates for infant through three-year-old will migrate to the new enhanced rate thus resulting in a higher than 7% increase
- One Star Plus facilities do not exist in numbers sufficient to develop a market rate. Due to the lack of a Market Rate, a 7% increase in child care rates will be implemented for all One Star Plus facilities

- The 7% increase for One Star Plus facilities will be applied first to enhanced area rates then to the corresponding standard rate area to develop the new unified statewide rate
- Two and Three Star child care rates for infant through three-year-old will be increased to the 65th percentile as identified by the 2017 Market Rate Survey
- The Two Star increase will be applied first to the enhanced area rates then to the corresponding standard rate area to develop the new unified statewide rate
- Child care rates for children aged 4 and above in Two and Three Star facilities will be increased by 7%.
- The Two Star increase will be applied first to the enhanced area rates then to the corresponding standard rate area to develop the new unified statewide rate
- Enhanced and standard area One Star center child care rates will remain constant

Complete definitions and references to policy are included on the 08AX0005E (Appendix C-4-B)

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