Utah's Job Connection
State of Utah
Department of Workforce Services
Office of Child Care

Child OFFICE OF care

Child Care Eligibility Simplification Study

Executive Summary

July 30, 2003

Child Care Eligibility Study Recommendations
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Introduction

I recently attended a conference where the question was asked: "What is the purpose of child care? Is it for parental economic independence? Or is it for healthy child development?" I have pondered this question many times over the past year.

I think the answer is both! The Department of Workforce Services and the Office of Child Care are uniquely aligned to accomplish both objectives.

Research shows that children do best when their families achieve *increased* employment and income, when they live in low-conflict households with the love and support of both parents, and when they spend time in high-quality child care and after-school activities. Thus, to benefit children, we must employ multiple strategies involving multiple partners.

In the spring of 2003, the Office of Child Care was given permission to study the Department of Workforce Service's child care policy, with the goal of simplification. A group of talented men and women have spent the past few months analyzing the Department's child care policy. The analysis has raised many questions and many debates have ensued. The team sought comment and opinion from a wide range of constituents; DWS employees, child care advocates, child care providers, and parents. The team also studied child care policy from other states.

At times it seemed like we had more questions than answers! One question that loomed on the horizon was a philosophical one. As a Department, what do we believe about child care and how is this philosophy translated to both our internal and external customers?

I would like to suggest that our child care philosophy be aligned to the following three goals, presented from a child care paradigm:

1. Helping families achieve an adequate standard of living.
Children benefit when families have sufficient income and resources to help them escape poverty. Research has shown that family income consistently predicts children's academic and cognitive performance, even when other family characteristics are taken into account. *The single most important indicator of children's success is the economic stability of the family*. (Anne E. Casey Foundation, 2003)

Children of mothers who work and earn more than the minimum wage generally have better reading recognition, reading comprehension, and math scores than children whose mothers work for lower wages. (Moore and Driscoll, 1997)

2. Helping families provide stable and supportive homes.
Children benefit when parents advance their education and training. For families to leave poverty behind and become self-sufficient, they need better jobs and the skills and training to acquire them.

Parents with higher education levels tend to display more effective parenting with positive outcomes for children. (Chase-Lansdale and Pittman, 2002)
In addition, research shows that children are better off when their fathers are involved in their lives. Father involvement can reduce child poverty and can also provide significant contributions to the emotional and intellectual well-being of children.

3. Helping families access quality child care and after-school programs.
From early childhood through adolescence, children who enjoy high-quality care and supervision have been found to be better prepared for school in terms of cognitive skills, health, and behavior.

Children in high-quality child care demonstrate greater mathematical ability, greater thinking and attention skills, and fewer behavioral problems than children in lower-quality care. These differences hold true for children from a range of backgrounds, with particularly significant effects for children at risk. (Peisner-Feinberg, et.al., 1999)

If the economic stability of Utah's family is our mantra, we must write child care policy that is aligned with these three goals. For this purpose we seek your support. For this purpose we urge you to "Care About Child Care".

Written by Lynette Rasmussen, Office of Child Care, Director

The Process

The Committee received technical assistance from the National Child Care Information Center (NCCIC). The team was organized into three subcommittees. Meetings were held regularly from March to June 2003. The following pages highlight the recommendations of the three committees.

1. Determining Need for Child Care
2. Reporting Changes
3. Kith and Kin (friends and family)

The Determining Need for Child Care and Reporting Changes subcommittees worked closely together and these recommendations are combined since the policy is inter-related.

Determining Need for Child Care and Reporting Changes
Short-term Proposal

The combined short and long-term recommendations create a strategic action plan for achieving a more streamlined and customer friendly child care assistance program.
The joint subcommittees arrived at their recommendations after evaluating the current child care program and determining areas where we believe the process can be improved. The following short-term recommendations lay the foundation for a more comprehensive simplification of the program as noted in our long-term proposal. Upon approval, we anticipate that the short-term goals will be implemented January 1, 2004.

1. <u>Averaging Hours</u>:

We recommend averaging the customer's monthly participation hours to determine if they meet the minimum work or training requirements and participation in their employment

plan. The work requirements for two-parent households will change to state that one parent must work an average of 15 hours per week and the other parent must work an average of 30 hours per week. The average monthly hours will be determined by the customer's pay dates.

- Provides greater flexibility and support for customers who work varied schedules.
- Value added benefit is simplification of the validation process, reduction of time required to validate, and timelier issuance of child care assistance.
- The impact to both external and internal customer is positive.
- We retain internal controls and minimize an error prone area.
- The expectation is a reduction in overpayments.

2. <u>Validation to participation ranges</u>:

Our recommendation is to validate the need for past child care by averaging the hours of participation within a specific range of hours. The range of participation hours would be based upon quarter-time (1-14 hrs), part-time (15-29 hrs), full-time (30-43 hrs), and full-time plus (44+hrs).

- Validating within ranges makes policy less subjective and establishes clearer parameters.
- Parents may be more likely to report changes and increase their employment hours.
- The impact of this change will be a reduction in time and cost associated with the validation process.
- Internal controls will be maintained because policy will be easier to apply and more consistent.
- This policy would be less punitive on the customer. We expect increased participation in the Assisted Child Care program and fewer overpayments.

3. <u>Reportable Change Forms & QUEST process:</u>

We recommend an initial reformatting of the DWS, *Changes That Must Be Reported*, Form 475 and the *Change Reporting,* Form 476. The re-format would consist of listing the reportable changes into five separate categories: **Household, Income, Resources, Deductions/Expenses, and Child Care Need**. The sequencing of both forms will match in content and format. We would like to conduct a QUEST process on the Form 980, *Child Care Subsidy Worksheet*.

- Customers will benefit from the simplification of the required reporting forms by helping them to understand what needs to be reported and how the change may affect different aspects of their assistance.
- We anticipate increased timeliness in authorization of benefits.
- We expect a reduction in customer non-reporting errors.
- Although the improved forms will be beneficial, the implementation will cause a learning curve that may be a temporary impact.
- Additional study will need to be conducted on how this change will impact other DWS programs (FS, FEP, etc…).
- Improved communication with the customer will strengthen the internal controls.

4. <u>Transitional Child Care:</u>

We recommend increasing the eligibility for transitional FEP Child Care from two to three months.

- This change would match our current child care re-certification period, Food Stamp review cycle, and TANF diversion policy.
- Matching the review cycles with other programs would cause less confusion for our customers, and less processing time for our staff.
- May also help encourage retention of employment for those customers transitioning off TANF assistance.
- The change will have a beneficial impact on our customers who are now required to pay an income adjustment after the second month
- More accurate best estimates to anticipate future payments will result in strengthened internal controls.

In order to accomplish the successful implementation of these recommendations, we suggest developing a Public Relations/Marketing campaign.

Determining Need for Child Care and Reporting Changes
Long-Term Proposal

Our long-term objectives are to continue to simplify the process of authorizing and validating child care payments while improving services to customers and child care providers. These proposed recommendations should simplify the payment process and allow for more flexibility in managing child care cases. Policy will be written to establish stronger internal controls to maintain program integrity.

The Child Care Eligibility Study Committee has made many long-term recommendations to be implemented, as technical support is available from the new eREP system. These recommendations have been organized into six categories.

1. <u>Simplification of Payment Process:</u>

The current payment system is complicated for parents and providers as well as for DWS staff. There are so many variables to consider with each situation and any change in circumstance could create an incorrect payment. The committee has made four recommendations to simplify the payment process.

a. Payment based on ranges of participation. Need for child care services will still be based on the participation of the parent. However, the subsidy payment will be based on a range of need rather than a specific calculation for every parent's participation down

to the hour. Need for child care services will be based on a best estimate of the average hours a parent is working. The subsidy payment will be determined by applying the hours of need to one of the four ranges of hours in the payment table. Creating ranges of participation for payments and validation will establish stronger controls than are in the current system.

b. Payment based on the lesser of two rates. Our current payment process is based on a comparison of three calculations. It compares the provider charge with a monthly maximum rate and a participation rate based on the provider type and the age of the child. In our recommendation, the subsidy payment will be determined by comparing the customer's participation range rate and the provider's monthly charge. The computer system will calculate a payment based on the lesser of these amounts.

c. Adjustments for a child's need. In situations where a child's need for care is less than the participation range of the parent, the payment can be adjusted to reflect the range of the real need for a child's care. The proposed policy changes will require staff to recognized these situations and make appropriate adjustments when a child's need for care is less than a parent's participation.

d. Consolidated rate for school age children. The current payment system has two rates for school age children. One for children who are in school during the majority of time the parent is working and one for children who are out of school while their parent works. The in/out of school rate is very confusing to our customers and error prone for staff. Our recommendation is to consolidate the part time and full time school age range into one rate that is equitable for parents and providers. This simplification will not only be less confusing to customers, but will also have a positive impact on payment accuracy.

2. Restructuring Income Guidelines:

The committee has made two recommendations regarding income guidelines. The intent of these changes is to encourage and promote employment and self-sufficiency. Policy will be written and guidelines will be established to encourage customer's to increase their income.

a. Restructuring the income guideline table. The first proposal in this category recommends that income guidelines be changed to ensure that when a customer receives a raise or promotion, it will not result in a net loss as a result of an increase in their income adjustment. This is an encouragement for parents to achieve employment goals.

b. Establish graduated income guidelines. The second proposed change would support customers as they continue to become self sufficient by establishing income eligibility steps. A family could begin receiving child care services at a specified poverty level and exit at a higher poverty level as they continue to reach their employment goals.

3. Provider Issues:

There are three recommendations that deal with child care provider issues. The first two proposals address our internal processes of selecting and coding provider types correctly. The third recommendation suggests a way that we can partner with providers more effectively.

a. Reduce the number of provider types. To simplify the rate structure and resolve payment errors, we will collapse four of the existing provider types by combining license types for providers who are both state licensed and nationally accredited. We will also combine license types in categories where the rates are the same or very close to the same. License exempt programs will be given a grace period to obtain a license.

b. Improve accuracy of provider information. DWS will be able to access provider information through an interface between eREP and Bureau of Licensing. This will eliminate the need to go to another database to collect information before a payment can be made and improve timeliness of issuance.

c. Provider access to limited information. A child care provider will have limited access to some information online regarding eligibility status of cases where they have been designated as the provider.

4. Managing child care cases:

One goal of the long-term recommendations is to have a positive impact on workload for Employment Counselors and Eligibility Specialists. The two recommendations in this category are a result of positive outcomes from other recommendations.

a. Acting on changes. Reporting requirements for parents will not change. Customers will continue to be responsible to report changes within 10 days. However, changes such as raises, promotions, and increased employment hours that would result in an increased parental fee for the parent would not be acted upon until the following re-establishment period. This recommendation will especially benefit our customer's who have fluctuating work schedules. This proposal will also reduce the need to address several changes reported within the same re-establishment period and be less error prone than current policy. This change has implications for other programs administered by DWS and program reporting requirements would need to be more closely aligned prior to implementation.

b. Extended review periods. With the implementation of payments and validation of past need based on ranges of participation, we anticipate that many of our customers will remain stable in their participation range. Policy will allow for the maximum length of an eligibility period to be extended to one year. Child care need will continue to be re-established as frequently as determined necessary.

5. Technical support enhancements:

Several enhancements to the child care payment system will be accommodated by the new eREP system and updates made to the UWORKS system. Automatic controls will be programmed into the eREP system to help maintain program integrity. Five recommendations are listed here, but the list may increase as the vision of what eREP can do becomes clearer.

a. Employment Counselors will enter child care information on eREP. Employment Counselors will use a referral screen in eREP to enter information and store information.

b. Employment Counselors will authorize FEP child care benefits._Allowing Employment Counselors to authorize child care benefits for their FEP customers will eliminate the hand-offs that bog down the current payment system.

c. Enhanced communication between Employment Counselors and Eligibility Specialists. eREP will assist in communicating information between Employment Counselors and Eligibility Specialists. eREP will send tasks to notify the Eligibility Specialist of any changes made on the case.

d. Employment Support Child Care will be determined and authorized in eREP. eREP will automate the payments system and allow Eligibility Specialist to determine need and authorize benefits at one time. Using the Form 980 in our current system, a case may need to be handled several times before a final payment can be made.

e. History screens will be maintained in eREP. The history screens that will be programmed into eREP will maintain a comprehensive record of the case and will assist staff in completing the validation process.

6. Miscellaneous:

Additional recommendations are still under consideration. We hope to incorporate these items into the long-term plan:

a. **Expedited child care for applicants who meet specified criteria.**
b. **QUEST the re-establishment process to determine root causes and solutions to address provider concerns regarding gaps in payments.** When a customer has a review or re-establishment due, the provider continues to provide services and does not receive payment for it.
c. **Child Care to support job search activities for customers who do not otherwise qualify for Employment Support or FEP child care services.**
d. **Reduce the number of reporting requirements.**

Kith and Kin Proposal

To fulfill the philosophy and vision of the Assisted Child Care program, ensure program and fiscal integrity, and to increase the health and safety standards of license-exempt child care in Utah, the Child Care Eligibility Study Committee recommends that the Department of Workforce Services collaborate with the Department of Health, Bureau of Licensing to implement changes to policy and procedure that include:

1. Registration for relative providers with the Bureau of Licensing.

2. Verification of relationship to the child needing care.

3. Verification of the provider's right-to-work in the United States.

4. Background check for all adult household members in the home where care is being provided to include:

- Screening for felonies
- Screening for misdemeanors which include violence against a person
- Screening for substantiated cases of Child Abuse and Neglect

5. <u>Inspections of the home where care is provided to include:</u>

- Checking for immunization records
- Training completion records
- Verifying adult to child ratios
- Identify serious sanitation, fire, and health hazards, write up corrective action plans and monitor correction

6. <u>Minimal health and safety training to include:</u>

- Basic First Aid/CPR
- Nutritional Training
- Fire Safety and Accident Prevention
- Child Development and Guidance Best Practices
- Reporting Abuse
- Communicable Diseases and Immunizations

7. <u>Ongoing background checks and home setting checks when:</u>

- Child Care is provided in a new location
- Additional household member moves into the home where care is being provided

These recommendations support our goal and philosophy to improve the quality of child care in Utah by strengthening internal controls and increasing health and safety standards. Registration also allows providers to become members of the Child Nutrition Program where they will receive reimbursements for meals served.

This proposal option was the final decision of four options considered. It was decided to be the best choice to improve quality without sacrificing customer service with the lowest cost to the Department and lowest possible workload increase.

Fiscal Impact

1. <u>Monthly payment rates based on ranges of participation:</u>

It is projected that when the proposed long-term recommendations are implemented, the need for subsidy will increase by approximately $3 million annually based on current caseload size.

2. <u>Kith and Kin:</u>

Database for quality assurance tracking- 1100 hours of development time would cost approximately $93,500.

If the Department of Workforce Services chooses to increase the investigators in the Regions to support ongoing child care setting checks (the Bureau of Licensing would only do the initial), the cost would be approximately $57,500 annually for one FTE.

Training Costs for providers (if any) have not yet been determined.

Bureau of Licensing Costs (if any) have not yet been determined.

3. <u>Other unknown costs:</u>

Due to multiple variables including a fluctuating population and lack of available data, it is difficult to project total costs of implementation.

4. <u>Time Savings:</u>

We anticipate that there will be significant time savings to the Department as result of simplification of the program in the following areas:

- Eligibility determination
- Validation of past child care need
- Reduction in overpayment referrals

In January 2003, it was determined that child care policy changes in response to audit findings **added an additional 50 to 85 minutes per case** per re-establishment. This equates to an additional workload increase of 19, 300 to 32, 810 hours annually. The estimated time spent on child care cases annually is 73, 340 hours.

The decrease in hours spent determining child care eligibility through simplification will result in a projected savings. Using a preliminary analysis of the **short-term recommendations**, we project the additional workload increase that was imposed in January 2003 will be reduced to 40-65 minutes per re-establishment.

The estimated time spent on child care cases will be 59,058 hours annually. **This results in an annual time savings of 14, 282 hours**. The time savings should result in timelier benefit issuance of child care assistance as well as be absorbed through time spent on other programs and activities.

This does not include the additional time savings resulting from the implementation of the long-term recommendations or any workload factors based on the Kith and Kin recommendations.

Next Steps

With your support and approval of the recommendations, we will proceed to move forward with the planning development stage by:

- Organizing a group of DWS child care experts (This could be an extension of the Eligibility Functional Team.)
- QUEST the identified processes

- Changing Administrative Rules and Policy
- Developing training and marketing materials
- Revising forms and procedures
- Requesting PACMIS changes necessary for implementation of short term goals
- Continuing to discuss long term goals and develop an action plan for implementation
- Using existing data to establish a baseline for evaluation and outcome measurements

Timeline

- We project that the short-term changes that have been identified will be able to be implemented effective January 1, 2004.
- The long-term changes are dependent upon when eREP is available for use and must take into account timeframes for the changes that are not currently part of the eREP program development requirements.
- Timing is critical for specific changes that must be coordinated with other entities such as eFUNDS Government Services, Bureau of Licensing, etc…
- Implementation of all changes need to go through the proper channels established by SDS to ensure successful service delivery and consider what the impacts will be on other programs administered by DWS.

Limitations and uncontrollable factors

- CCDF and TANF re-authorization
- Robohelp project and eREP implementation
- Impact to other programs administered by DWS
- Impact to Bureau of Licensing, child care providers, etc…
- Funding to interface eREP and Licensing databases
- Acceptance testing

Other causal factors to be addressed

It is important to recognize that although the changes we are recommending should simplify the administration of the child care program, there are root causes that are creating existing problems that are beyond the scope or control of this committee. We strongly feel that unless Senior Management addresses these additional factors, we will continue to have similar problems across all programs. These include:

- Lack of application of basic eligibility principles across all programs
- Attention to detail
- Staff turnover

Recommendations

1. We recommend that the eligibility process be studied through QUEST to determine the root causes of the breakdown.

2. We recommend that a time/value-added study be conducted of various changes' impacts on the eligibility process and workload.

3. We also recommend exploring the idea of specialization of child care. We recognize that there are limitations with this and it may not be feasible in certain areas. Regions should be given the flexibility to have specialization as an option.

Conclusion

Given the time constraints to present recommendations to Senior Management to simplify child care policy, this committee has done a remarkable job of using available data, research, and gathering input from all parties who will be impacted by the changes.

The recommendations from this committee support the philosophy of the Office of Child Care. We believe that the changes will:

1. **Help families achieve an adequate standard of living** by supporting customers who are employed. Averaging weekly work requirements and establishing ranges of participation allows families more flexibility with their work schedules and reduces the risk of an overpayment. Not acting on changes in income until a future re-establishment provides an incentive for customers to increase their income and accept raises.

2. **Help families provide stable and supportive homes** by continuing to support education, lengthening the review period to one year, and making it possible for more two-parent households to qualify for child care by lowering the minimum requirement for one parent to an average of 30 hours of participation per week.

3. **Help families access quality child care and after-school programs** by raising the minimum health and safety standards for relative providers caring for children receiving state assistance, requiring license exempt centers to become licensed if they choose to participate, and by developing simplified eligibility processes that support child care providers.