



Proposed Improvements Child Care Assistance Program (CCAP)

How CCAP Works Now

Overview

The Child Care Assistance Program (CCAP) helps low-income families pay for child care while working or attending school or training.

OVERVIEW OF CCAP

- **Eligibility:** Households must work and/or attend an education or training program for 30 hours per week and meet income requirements.
 - *Households participating in the Strategies to Empower People (STEP) program, serving children in foster care, or experiencing homelessness are categorically eligible.*
 - *Families may lose eligibility when work, education, or income changes.*
- **Subsidy Rates:** The state has a differential rate based on age of child and special needs.
 - *State max rate for infants and toddlers is \$18.50 per day.*
 - *State max rate for three-year-olds and up is \$17.50 per day.*
- **Co-Pay:** Most households pay a portion of the child care costs.
 - *Households that are not categorically eligible pay a portion of the state rate for CCAP in addition to any other provider charge.*
 - *Households receive either 40%, 60%, 80%, or 100% of the state rate for CCAP.*

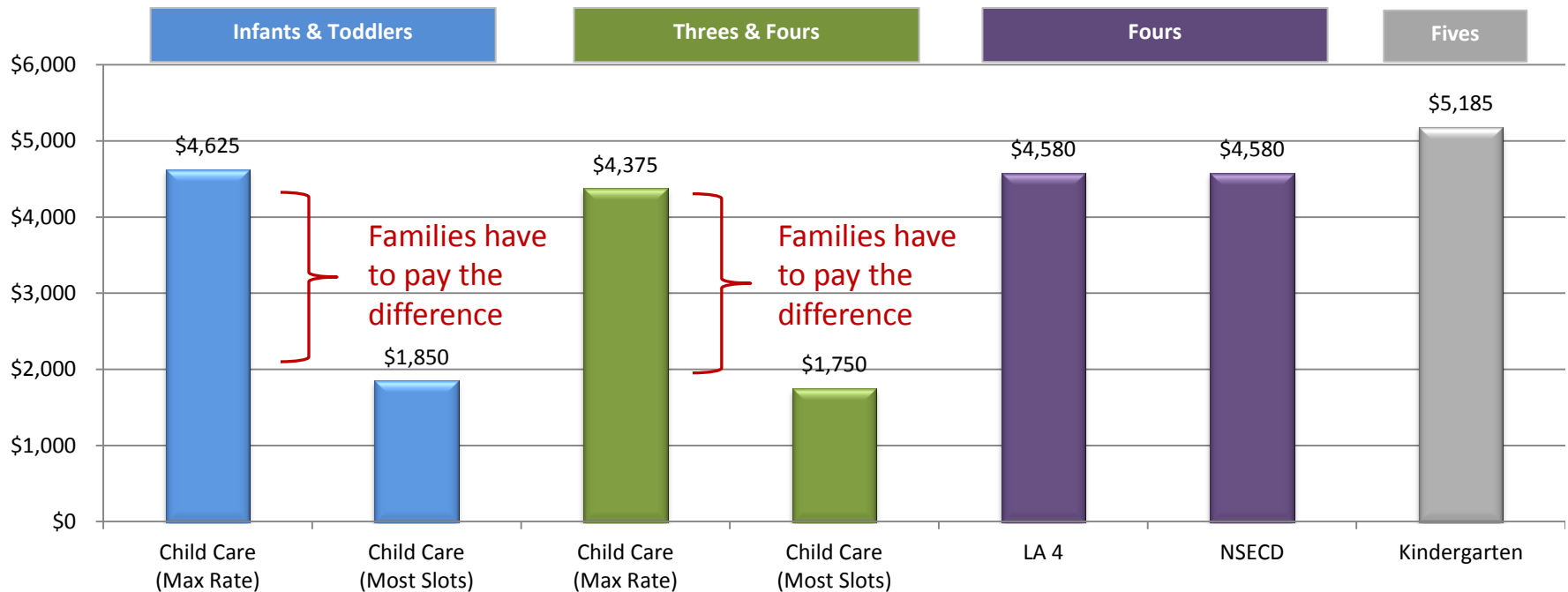
Within requirements of the law, the state has flexibility in how it operates CCAP.

How CCAP Works Now

Subsidy Rate

Current CCAP rates per child are ~\$3,000 lower than the state's PreK rates for LA 4/NSECD.

Statewide Per Child Allocations



- Child care(CCAP) rates show maximum subsidy, for which very few families qualify, and 40% subsidy, provided to most families. 10 hour day, full year.
- Early Head Start averages \$12,468 and Head Start averages \$6,691 in Louisiana, pre-sequester. Reflects total funding. 6 hour day, school year.
- LA 4 is the per child allocation for 6 hour day, school year.
- NSECD is the per child allocation for 6 hour day, school year.
- Kindergarten is the state average in the MFP for 6 hour day, school year.

How CCAP Works Now

Co-Pay and Out-of-Pocket Costs

Most families receive the 40% of the CCAP subsidy. This means they pay \$19.00 per day out-of-pocket at the 75th percentile of the market rate.

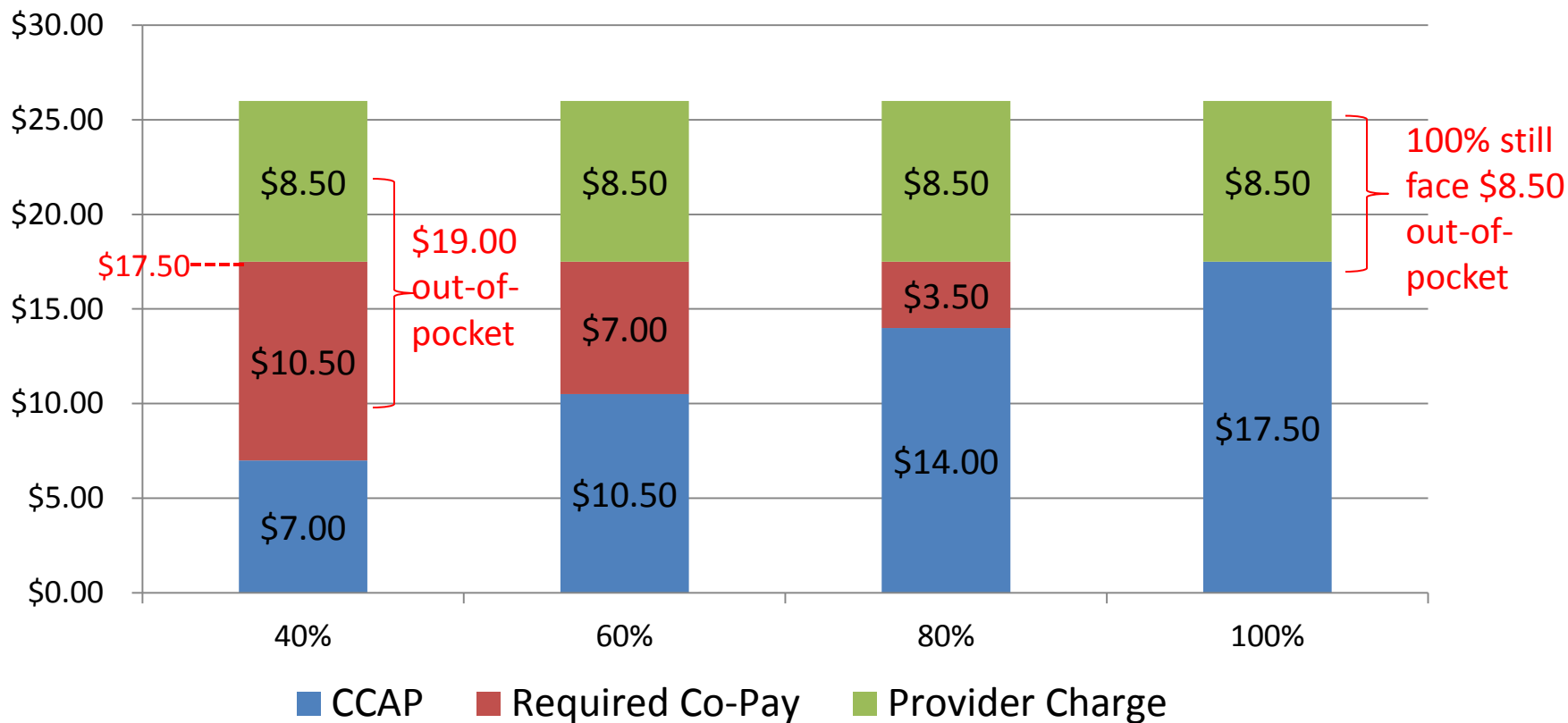


Chart represents a comparison to \$26 per day (the 75th percentile level).

Current Challenges

Current Challenges

The current state of the Child Care Assistance Program (CCAP) is inequitable for providers and families and can force families to choose unregulated care.

THREE PRIMARY CHALLENGES

- 1. Eligibility Period:** Only families in child care are at risk of losing their subsidy due to changes in work or school status.
 - *No child has to leave Head Start or PreK if something changes in their parents' lives.*
- 2. Subsidy Rates:** The subsidy for a four-year-old in child care, once parent co-pay is factored in, is 28% of what is provided to PreK programs (*most families receive 40% of the subsidy*).
 - *\$1,260 provided through CCAP compared to \$4,580 provided through LA 4 for a school year.*
- 3. Co-Pay:** CCAP is the only publicly-funded program that requires even families in poverty to pay part of the tuition.
 - *No family in poverty in Head Start or PreK has out-of-pocket costs.*

These negative impacts on families and providers are the result of a 60% decrease in funding for Child Care Assistance since 2008-2009.



Proposed Improvements

Commitments

While making improvements to CCAP, key commitments to children, families, and providers will be maintained.

COMMITMENTS

- **Access:** Maintain the same number of children served through CCAP
 - *Maintain access for ~12,500 children birth to four-years-old*
- **Focus on Kindergarten Readiness:** Focus on full day early learning during school year
 - *Maintain before- and after-care, summer care, and holiday care at the same rates as today*
- **Infant/Toddler Support:** The youngest children will continue to receive higher rates of subsidy to reflect the increased cost of their care and education
 - *Maintain \$1 per day increase for infant and toddlers*
- **Quality Bonuses:** Incent quality by maintaining that centers at higher quality levels (*Quality Start*) receive higher subsidy payments
 - *Maintain quarterly quality bonuses based on star rating through 2016-17*

These commitments seek to minimize negative trade-offs for families or providers as improvements are made to CCAP.

Proposed Improvements

Overview

To improve kindergarten readiness and maintain quality options for families, CCAP must be improved quickly and improvements sustained.

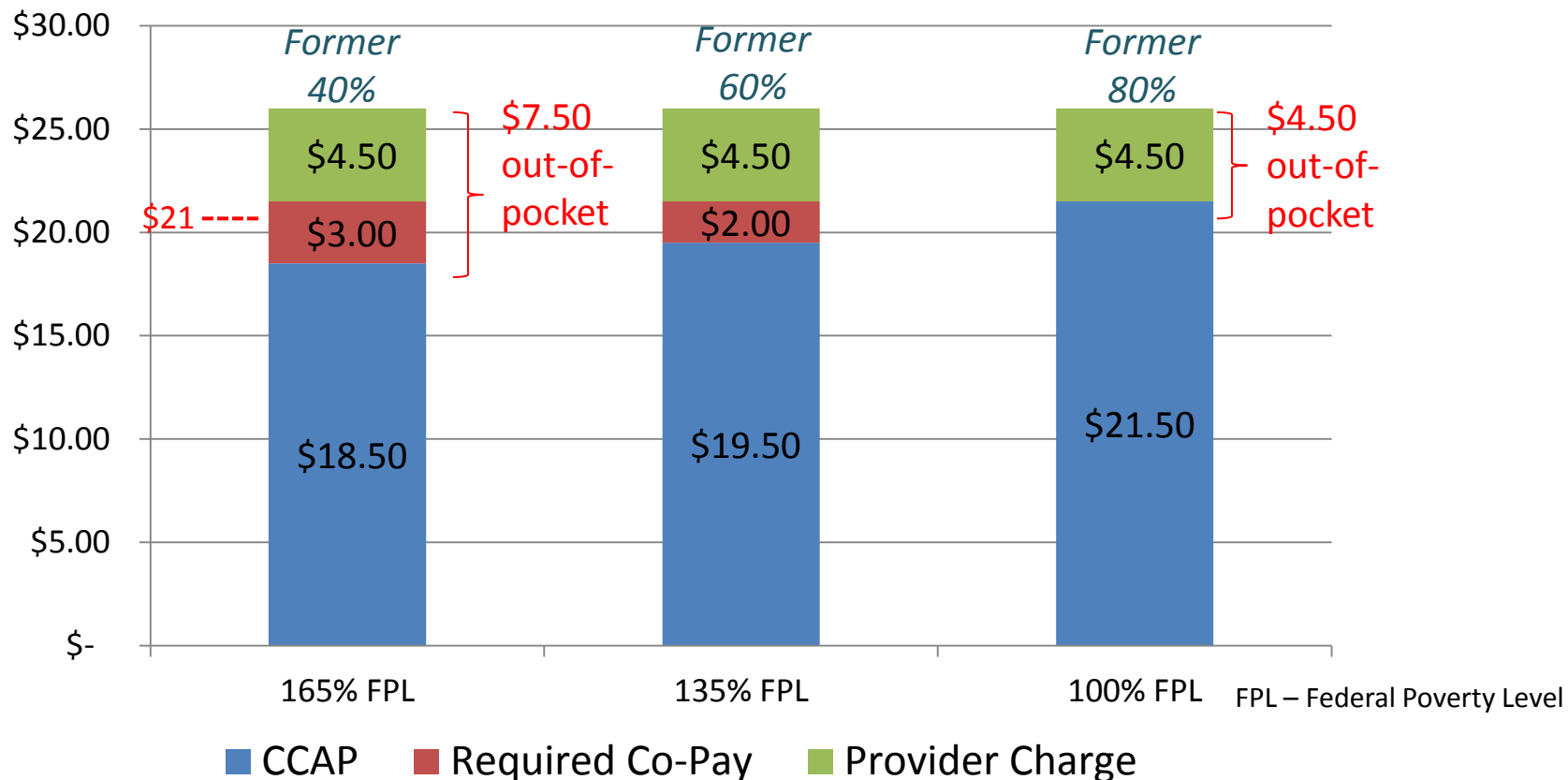
PROPOSED IMPROVEMENTS

1. Eligibility Period	<ul style="list-style-type: none">• Families remain eligible for at least one year regardless of life changes• <i>Eligibility may be extended to ensure children are able to attend for a full school year</i>
2. Subsidy Rates	<ul style="list-style-type: none">• Infant/toddler max rate will increase from \$18.50 per day to \$22.50• PreK max rate will increase from \$17.50 per day to \$21.50 (23% increase)• Part-time rates will be paid per hour instead of 6 minute increments• <i>Increases are for full day for the school year</i>• <i>Current rates remain for before- and after-care, summer, and holidays</i>
3. Co-Pay	<ul style="list-style-type: none">• No family in poverty will have a copay• Co-pays change from the 40%, 60%, 80% structure to minimal flat amount per week (e.g., \$10) based on household income.• <i>Providers can charge for the difference between the CCAP subsidy and the provider's rate</i>

Proposed Improvements

Subsidy and Co-Pay

The proposed increase to \$21.50 per day reduces out-of-pocket costs by 61% for most households while still enabling them to access quality options.



Co-pay is based on household income with three tiers - \$3, \$2, \$0 per day

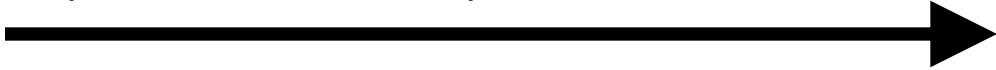
Market Rate Survey

Investment and Balancing Priorities

Proposal calls for a significant investment in quality and equity but requires balancing priorities.

Investment:

Proposed PreK rate represents 23% increase, up to 85% of LA 4/NSECD rate



\$87.50	\$100.00	\$107.50	\$115.00	\$125.00
10 th Percentile	25 th Percentile	PROPOSED RATE	50 th Percentile	75 th Percentile

For 4-5 star providers, funding would be equivalent to LA 4/NSECD or 75th percentile

Balancing Priorities:

- Current requirement that eligible households have an average of 30 hours/week of employment, job training or school will be maintained
- There may be more eligible households than slots available
- Still need to determine how to best support children with special needs

APPENDIX

Co-Pay Comparison (100% FPL = Poverty)

The example shows the different costs to a household in poverty, a household that currently receives 80% CCAP subsidy. (household of 4)

Weekly	Current	Proposed New Rate	Proposed Rate & Co-Pay
Provider Rate (75th %)	\$130	\$130	\$130
State Max CCAP	\$87.50	\$107.50	\$107.50
Actual CCAP Subsidy	\$70.00	\$86	\$107.50
Co-Pay	\$17.50	\$21.50	---
Provider Charge	\$42.50	\$22.50	\$22.50
Total out-of-pocket	\$60	\$44	\$22.50
Weekly net income estimate	\$392	\$392	\$392
% of weekly net income	15.3%	11.2%	5.7%

APPENDIX

Co-Pay Comparison (135% FPL)

The example shows the different costs to a household at 135% of the federal poverty level, a household that currently receives 60% CCAP subsidy. (household of 4)

Weekly	Current	Proposed New Rate	Proposed Rate & Co-Pay
Provider Rate (75th %)	\$130	\$130	\$130
State Max CCAP	\$87.50	\$107.50	\$107.50
Actual CCAP Subsidy	\$52.50	\$64.50	\$97.50
Co-Pay	\$35.00	\$43	\$10
Provider Charge	\$42.50	\$22.50	\$22.50
Total out-of-pocket	\$77.50	\$65.50	\$32.50
Weekly net income estimate	\$502	\$502	\$502
% of weekly net income	15.4%	13%	6.4%

APPENDIX

Co-Pay Comparison (165% FPL)

The example shows the different costs to a household at 165% of the federal poverty level, a household that currently receives 40% CCAP subsidy. (household of 4)

Weekly	Current	Proposed New Rate	Proposed Rate & Co-Pay
Provider Rate (75th %)	\$130	\$130	\$130
State Max CCAP	\$87.50	\$107.50	\$107.50
Actual CCAP Subsidy	\$35	\$43	\$92.50
Co-Pay	\$52.50	\$64.50	\$15
Provider Charge	\$42.50	\$22.50	\$22.50
Total out-of-pocket	\$95	\$87	\$37.50
<i>Weekly net income estimate</i>	<i>\$601</i>	<i>\$601</i>	<i>\$601</i>
<i>% of weekly net income</i>	<i>15.8%</i>	<i>14.5%</i>	<i>6.2%</i>