



# Child Care, Money and Maine:

## Implications for Federal and State Policy

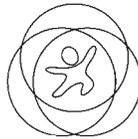
William Hager  
Allyson Dean  
Judy Reidt-Parker



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William Hager, Allyson Dean and Judy Reidt-Parker



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Maine Child Care Directors' Association

Maine Head Start Directors' Association

Maine Association of Child Care Resource and Referral Agencies

Maine School Age Care Alliance

Maine Family Child Care Association

Maine Center for Community Inclusion

Catholic Charities Maine Family Child Care

Maine Equal Justice Project

Maine Roads To Quality - Muskie School for Public Policy, University of Southern Maine

Maine Child Care Advisory Council

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# Executive Summary

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*“We feel an urgent need to call for a new national dialogue focused on re-thinking the meaning of both shared responsibility for children and strategic investing in their future. The time has come to stop blaming parents, communities, business and government, and to shape a shared agenda to ensure both a rewarding childhood and a promising future for all children.”*

—Jack Shonkoff and Deborah Phillips, Editors  
*“From Neurons to Neighborhoods—The Science of Early Childhood Development”*

As we begin this new millennium, we are faced a rapidly evolving culture, one which requires families to place the economic requirement for work at the very top of their priorities. In our current reality, child day care for our children has become a necessity for family survival as never before. Child care has become as essential to a community’s well being as a dependable water or sewer system. The question is no longer “Do children need child care?”, but “Who will care for the children?” We must ask if families have choices for their child care arrangements, or if they are choosing the only options available.

Public policy on both the state and federal levels has had, and will continue to have, a profound impact on these children and these families.

In the course of development of this document, when analyzing the Child Care System in Maine, the authors have reached the following conclusions:

- **Maine has excellent, often groundbreaking policies concerning the state child care system.**
- **Maine has found great success in “working together,” both in community collaborations and in private/public partnerships.**
- **Even with the significant increases we have seen in public funding over the last five years, child care resources continue to be dramatically insufficient to meet the overall child care needs in Maine.**
- **Maine has become overwhelmingly dependent upon both the Child Care and Development Fund (CCDF) and Temporary Assistance to Needy Families (TANF) Block Grants for the provision of quality child care for Maine families.**

Maine’s child care system should be commended for developing policies for assisting families in accessing appropriate care for their children, including:

- Making child care subsidies available to working families earning up to 85% of state median income.
- Requiring working parents who access these subsidies to contribute to their child care expenses, but limiting the amount of this “parent co-pay” to a maximum of 10% of family income, meeting the limit recommended in federal regulations.
- Reimbursing child care providers at the 75th percentile of the market rate for child care costs, once again meeting the recommended federal regulation for a state to meet equal access standards.
- Prioritizing child care subsidies for the most needy (those who are transitioning from welfare to work).
- Making subsidies available to “at risk” children, regardless of the family’s employment.

The State of Maine has also acknowledged that, in addition to dealing with the cost of care, there needs to be an investment in the quality of that care. This investment has included:

- Maintaining a system of regionally-based Child Care Resource Development Centers;
- Developing a comprehensive, statewide program for the training and professional development of child care providers (referred to as “Maine Roads to Quality”);
- Assisting providers so they are able to accept children with special needs (referred to as “Child Care Plus ME”); and,
- Providing a “premium rate of reimbursement” for those child care providers who accept low-income children and can prove that they are “programs of quality”.

Even given these important, often groundbreaking policies, there is still much to be concerned with in the provision of adequate care for Maine’s children. These concerns are primarily linked to the current level of resources of available for these investments. Specific concerns include:

- Families who cannot access a subsidy: There is sufficient funding to make child care subsidies available to only a relatively small percentage of eligible families (by one analysis, there are sufficient resources for less than one-third of eligible low-income working families to actually access a child care subsidy).
- Children at risk because of the lack of subsidies: There is anecdotal information demonstrating that income-eligible working families who cannot access a subsidy are making difficult, potentially dangerous decisions concerning the well-being of their children.
- Too few providers to meet family need: In addition to the barrier imposed by the cost of care, a high percentage of Maine families find that the care they need (care for infants and toddlers, care for school-aged children, and care for children with special needs) simply does not exist in their communities.
- Too few providers being trained: Even with the commendable investment in the quality of care, these initiatives still reach only a small percentage of child care providers in Maine.

In addition to these programmatic concerns, Maine currently has an overwhelming reliance on federal funding for child care. Currently, 76% of spending for child care services (and over 90% of spending on the quality and inclusion initiatives) comes from a single source, the federal CCDF block grant. The future of the child care system in Maine is tied to the level of funding and the regulations set by this block grant.

In that light, the recommendations that resulted from this study are primarily concerned with the re-authorization of the federal CCDF, and by necessity, also touch on State Policy and TANF re-authorization. These proposals include:

- 1) Continuing the existing flexibility under CCDF so that the Maine child care system may continue its commitment to existing subsidy policies.
- 2) Increasing CCDF enough to allow Maine to make a significant impact on the number of families able to receive a child care subsidy.
- 3) Maintaining the TANF block grant funding at current or increased levels.
- 4) Establishing TANF work requirements that ensure there are sufficient resources within the system to support the children of these families.

- 5) Increasing funding in the CCDF quality set-aside to both sustain Maine's ongoing quality and training initiatives and to increase the number of providers able to access these initiatives.
- 6) Establishing funding in CCDF specifically to be used to provide enhanced rates for child care programs of quality.
- 7) Funding for a specific "Resource Development Set Aside" to support and increase the work done by the Resource Development Centers.
- 8) Increasing funding to support inclusion projects for children with special needs requiring custodial child care (either by an increase in the quality set aside funding or a specific set aside for children with special needs).
- 9) Establishing federal requirements and funding to support adequate research on a state-by-state basis to establish a clear understanding of the issues of need, availability and effectiveness of child care services. In the development of this document, it became clear that there is simply too little objective information available concerning too many aspects of the publicly funded child care system.

In conclusion, we can do no better than to offer this statement by former U.S. Attorney General Eliot Richardson in reference to public funding for early childhood programs:

*When these investments (in early childhood programs) are proven to save lives and tax dollars, why shouldn't policy makers provide the funding that will enable communities to get the job done?*



# Introduction

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**Child Care, Money and Maine** was chosen as the title for this document because, as we enter into the new century, child day care services have become an essential component to a healthy economy in Maine and in the nation. The availability of good child care has a major impact on a family's ability to find, train for, and sustain employment. Child care is also crucial to modern businesses being able to recruit, retain and sustain employees. Lack of dependable and appropriate child care will be a critical barrier to the movement of low-income families from welfare to work. The quality of the care being provided has a profound effect on the lives of our children, which in turn has major implications for state education, social services, juvenile justice and Medicaid budgets.

**Child Care, Money and Maine** is also an appropriate title for this document because the public dollars we are willing to spend will determine both the amount and quality of the service parents can access. While child care can be seen in one way as a relatively inexpensive service, often costing less than \$3.00 per hour per child, when factoring in the overall need it becomes very expensive for both the family and for the state. *(This \$3.00 an hour care will equal \$120 per week if the parent has a job that only requires 40 hours of care per week. This \$120 per week translates into over \$6,000 a year for that child. There are over 40,000 pre-school children with working families in Maine. This means that the cost for care just for these pre-school children may exceed \$240,000,000 annually).*

Public acknowledgement around the need for child care, as well as public funding for this care, has seen a dramatic increase in the past five years. The primary, but by no means exclusive, source for public funding for child care in Maine has been the federal Child Care and Development Fund (CCDF) and the Temporary Assistance for Needy Families (TANF) block grants.

Congress will be required to re-authorize both of these block grants in 2002. Re-authorization will determine the level of funding for each block grant and the parameters that all states will be required to accept along with this funding. These parameters establish the "rules" the states must follow. These "rules" will determine, among other things, which families can and cannot benefit from these funds, how much of the block grant must be applied to increasing the quality of care, and could even determine the amount a state may pay for this child care.

This document is an attempt to provide some insight and information concerning the impact of public funding on child care in Maine, and to make a set of recommendations concerning that funding.

In the preparation of this document, the authors approached a broad range of groups and individuals in Maine. Information, both general and specific, concerning children, families, child care providers and child care services was requested. After this information was collected and collated, the initial drafts and assumptions were then sent to an even broader group of over 60 individuals (providers, parents, advocates and state officials) and the comments from these individuals were integrated into the final document.

Of particular assistance in the development of this document was the Maine Department of Human Services, Community Services Center, which provided invaluable information about funding streams and history.

The conclusions this community of caregivers generally agreed upon concerning money, child care, and Maine are that:

- Maine has excellent, often groundbreaking policies concerning the state child care system.
- Maine has found great success in "working together", both in community collaborations and private/public partnerships.

- Even with the significant increases Maine has seen in public funding, child care resources continue to be dramatically insufficient to meet the overall child care needs in Maine.
- Maine has become overwhelmingly dependent upon both the CCDF and TANF block grants for the provision of quality child care for Maine families.

We will further explore these issues from five key perspectives:

- *The Background and History of Funding of Child Care in Maine:* What does it pay for and how has it evolved?
- *Funding:* Where does it come from, what's working, what's not?
- *Children and Families Served:* Where is the need and what are we doing to meet the need?
- *Parental Choices:* Are parents able to make choices around their child care or are they forced to accept the child care they can find and afford?
- *Quality of Care:* What is Maine doing to insure that the available child care is of sufficient quality?

# Background and History of Funding of Child Care in Maine: What does it pay for and how has it evolved?

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It has been said that when providing child care, the actual caring for the children is easily understood, but that understanding the system for funding child care is considerably more difficult.

Funding for child care in Maine is made up of a combination of state and federal funding and is administered by the State of Maine's Department of Human Services. For fiscal year 2002, Maine has a child care budget of \$29,763,822<sup>1</sup>. An additional \$10,400,000 is projected to be spent directly from the TANF block grant on child care subsidies for current TANF recipients.

The \$29,763,822 in the state child care budget is allocated for the following areas:

- 85% goes directly into subsidies;
- 5% goes to Child Care Resource Development;
- 6% goes to Quality, Training and Scholarships;
- 1.7% goes to a project to assist the integration of children with special needs into child care settings; and,
- 2.3% goes to state administration.<sup>2</sup>

As is obvious by these numbers, the bulk of this funding, over \$35 million<sup>3</sup>, is set aside for "child care subsidies". In Maine, a family is eligible for a subsidy (financial assistance towards meeting their child care costs) if the family meets one of the following criteria:

## **I) TANF Clients:**

Those families still receiving TANF benefits<sup>4</sup> may have their child care paid for by an "ASPIRE Voucher."<sup>5</sup> If the parent has child care approved as part of the overall case plan by his/her ASPIRE worker, he/she is guaranteed a child care voucher. There is no "parent co-pay" when accessing an ASPIRE voucher and the voucher can be used with any "legal" child care provider that the parent chooses and the worker approves (see *explanation of "legal child care" in Maine below*). Once again, these "ASPIRE Vouchers" are paid directly from the TANF block grant.

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<sup>1</sup> This child care budget is a combination of funds from the CCDF, TANF Transfer, the federal Social Services Block Grant, and state child care expenditures.

<sup>2</sup> Budget Figures courtesy of Maine Department of Human Services, Community Service Center.

<sup>3</sup> \$10,400,000 for current TANF families and \$24,809,136 for non-TANF families.

<sup>4</sup> TANF Benefits refer to the "Temporary Assistance for Needy Families" program, which replaced the AFDC or "Aid to Families with Dependent Children" program. This is the program which provides direct financial assistance to low-income families with dependent children.

<sup>5</sup> ASPIRE is the Department of Human Services Bureau of Family Independence program to assist families to move from welfare to work. All TANF parents are required to be enrolled in the ASPIRE program.

## 2) TANF Transitional Clients:

Those families who have “transitioned off of welfare” into a job, but have income below 85% of State Median Income<sup>6</sup> (referred to as SMI), are guaranteed a “Transitional Child Care Voucher”. This is to ensure that child care is not a barrier to the family remaining off welfare. These “vouchers” are administered by the regional Child Care Resource Development Centers (referred to as the “RDCs”)<sup>7</sup>. These vouchers can be used to pay for child care in any “legal child care setting”. A family is automatically eligible for this voucher if they apply for it within 12 months of leaving the welfare rolls. This assistance is not “time limited”. That is to say that families can retain this assistance for as long as they remain eligible (have children under the age of 12, make less than 85% of SMI, and need the child care in order to remain employed). These child care vouchers are guaranteed, therefore there is no waiting period for these families.

## 3) Income-Eligible Clients:

Those families who have not received any TANF benefits can still access a child care subsidy. These are families who can prove that they need child care in order to “work, attend school, and/or participate in social service programs”<sup>8</sup> and have incomes below 85% of SMI. These families can apply for a child care voucher administered by their local RDC or enroll their child in a “contracted child care program”. (A child care agency or a “family child care network” may contract directly with the state to provide child care to low-income families. A wider discussion of this dual system of contracts and vouchers will follow.) Subsidies for these families, whether vouchers or contracted slots, are not guaranteed but are limited by the funding available. Income-eligible families may face prohibitive waiting periods before a subsidy becomes available.

Families receiving either a “TANF Transitional” voucher or “Income Eligible” child care subsidy via voucher or contracted slot are required to pay some portion of their child care costs. The amount a family pays for their child is determined by family size and family income, however no family will be required to pay more than 10% of their family income for child care.<sup>9</sup>

## Explanation of “legal child care” in Maine:

In Maine, “legal child care” will include Licensed Child Care Centers, Certified Family Child Care Homes, and “Legal Unlicensed” Child Care Providers.

Providers who care for more than 12 children at any time must be “licensed”. Providers who care for 12 or fewer children in their own homes must be “certified”. Both licensed centers and certified child care homes are required to follow State of Maine child care licensing standards that govern such areas as child to staff ratios, fire safety standards, training, and provider background checks. Licensing regulations call for licensed centers and certified family child care providers to be visited annually by both the State Fire Marshal’s office and the State of Maine Licensing staff.

Any individual who cares for one or two children who are not related may be considered a “legal unlicensed provider” (sometimes referred to as “un-regulated” care). Prior to accepting a child care voucher reimbursement, these legal-unlicensed providers must pass background checks to determine if there is either a criminal record or a history of child abuse. There is, however, no requirement for an “on-site” or even “face to face” interview with these un-regulated providers receiving child care payments.

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<sup>6</sup> In 2001, 85% of State Median Income for a family of three was \$36,452.

<sup>7</sup> In most states, these agencies are referred to as “Child Care Resource and Referral Agencies”, or simply “CCR&Rs”.

<sup>8</sup> From Maine Department of Human Service Purchase of Service Manual.

<sup>9</sup> The exceptions to this rule would include children enrolled as a “child protective placement” and/or part of a foster care contract. In these cases, no fee is required.

## Utilizing a Dual System for Provision of Child Care:

Maine is one of very few states that utilizes a dual subsidy system for early care and education. Under current CCDF rules, states may provide child care through both contracted support directly to providers and through vouchers to parents, although all parents must be offered the choice of a voucher. While there are 11 voucher management agencies in Maine, there are 60 contracted agencies that assure stability and continuity of programming for the low-income clientele. The majority of these agencies have been providing child care since the beginning of the Community Development Block Grant in the 1970's, if not earlier. These programs have all been able to generate a level of permanence within the community that assures a continuity of supply, which is a significant contribution. These programs also provide child care for a mix of subsidized and private pay clients. The reputation of these programs is strong and has been established with the support of the steady income provided by the contracts with the Department of Human Services. One contributing factor in turnover of child care programs is the challenge of maintaining a steady flow of monthly income to assure adequate staffing and program materials.

While the argument for vouchers is frequently linked to parental choice, the support for contracts with specific programs is in the interest of program quality. A contracted program not only provides a consistent, reliable presence within the early care and education community, but the Department can build in performance measures and quality assurances that are not possible with a portable voucher. One could argue that if low-income parents are choosing to place their child in a program that does not have a stable source of revenue and required quality measures, then the principal of parent choice is only imagined. Maine has used the contracting system recently to promote the increase of infant-toddler and school age child care. This effort was a part of the Start ME Right campaign in the legislative year of 1999-2000. The cost of administering either contracts or vouchers is equal. The Department of Human Services contracts with Child Care Resource and Referral agencies to administer the vouchers in the same manner as they contract with agencies to provide center-based childcare or family child care networks. As the contracted system is unit-based, various agencies have various rates for which they are reimbursed for a week's worth of child care, just as providers accepting vouchers have various reimbursement rates depending on their operating costs.

In Maine, performance measures that contracted programs are required to address are related to accessibility, affordability, and health and safety. Contracted agencies are expected to collect data from a parent survey that is related to parent satisfaction regarding their child's health and safety, the level of accessibility for families, and the cost. This is reported annually to the Department of Human Services. All contracted programs maintain a waiting list, and this data is used annually to report to the legislature regarding the state of child care in Maine. Efforts to assure staff retention and professional development are key factors within the performance measures. The contract year of 2001–2002 will include an expectation that at least one staff person in each classroom maintain a Child Development Associate (CDA) degree. In a complete voucher system, the expectations and requirements the agency responsible for administering the subsidies would be able to place upon providers are significantly more limited. "Quality Set Aside" funds from the CCDF are used to strengthen the early care system delivery from the standpoint of direct service within the contracted system. In addition, the performance measures and quality assurances that are required of contracted programs reach more than just the families accessing the subsidized system. Most contracted programs have a mix of subsidized and private pay slots. Families accessing the private pay slots benefit from the quality efforts required by the contract with the Department of Human Services.

A contract with the state offers a provider the reliability of consistent monthly revenue that is separate from parent fees. These resources can create a stronger infrastructure within a single child care program. What is most notable in the contracted system in Maine is that those programs that have contracted to provide subsidized child care are strong, well established, high quality programs. Many programs maintain NAEYC accreditation, or are striving toward that aim. Many Head Start grantees have contracted with the Department of Human Services to provide what is termed "wrap around" services to ensure the most vulnerable low-income families receive full-day, full-year services within the context of the comprehensive nature of Head Start. Frequently contracted agencies have found additional resources to create models that provide supports for families facing the significant and numerous challenges linked to living in poverty. These kinds of supports for families would not be as available if Maine relied on a voucher-only system.

## History

Child care funding in Maine today is tied directly to two key pieces of legislation.

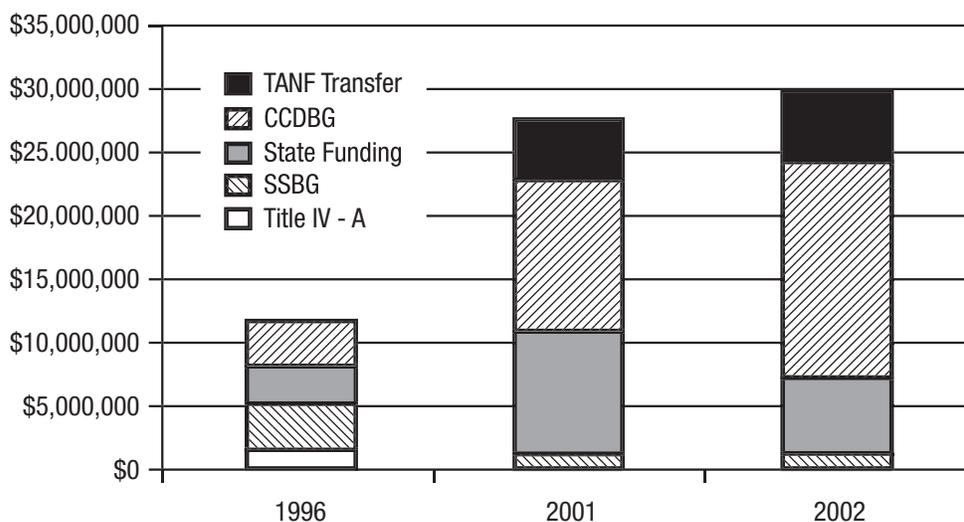
The first important piece of legislation was the 1996 effort to “Reform Welfare”. Federal legislation known as the “Personal Responsibility and Work Opportunity Reconciliation Act” (referred to as PRWORA) eliminated the old AFDC funding streams, established the TANF block grants to states, and clustered a number of child care funding streams into one block grant, now known as the Child Care and Development Fund, or CCDF.

Pertaining to child care, the most important changes connected to PRWORA were:

- While one source of federal funding for child care (Title IV-A) was folded into the CCDF, and another (federal Social Service Block Grant) was dramatically reduced, overall federal funding for child care has increased steadily over the past 5 years.
- States were given the option to “transfer” funds from the TANF block grant into the child care block grant. This meant that as welfare rolls dropped, states were allowed to move up to 30% of the TANF block grant into the CCDF. Once these TANF block grant funds are transferred, they are treated like additional CCDF discretionary funds. They can be used to benefit all income-eligible families and are governed by the rules associated with CCDF, rather than TANF rules. This has had the effect, once again, of increasing the funding available for child care.
- Time limits for TANF recipients required that thousands of low-income parents participate in the workforce. This, in turn, dramatically increased the need for subsidized child care.

The second important piece of legislation for child care was passed by the Maine 199th legislature in 2000, and was referred to as “Start ME Right” legislation, and was later included in “The Fund for a Healthy Maine”. Utilizing the Maine share of the national “tobacco settlement”, Maine expanded state spending for child care, more than tripling the state investment. It should be noted that there have been many partners in Maine who have positively contributed towards the development of the current system.

**Child Care Funding Breakdown by Source<sup>11</sup>**



Funding Source	1996	2001	2002
TITLE IV - A	\$1,500,000	\$0	\$0
SSBG	\$3,526,352	\$1,046,410	\$1,046,410
State Funding	\$3,005,873	\$9,746,663	\$6,046,257
CCDF <sup>10</sup>	\$3,583,751	\$12,143,612	\$17,065,210
TANF TRANSFER	\$0	\$4,700,000	\$5,505,945
<b>TOTAL FUNDING</b>	<b>\$11,615,976</b>	<b>\$27,636,685</b>	<b>\$29,763,822</b>

**Legislature:** The 119th state legislature (1998–2000) assumed a leadership role for child care, passing a comprehensive child care legislative package known as “Start ME Right”. This legislative package mandated increases in state spending for a range of expanded child care subsidies (even earmarking funds specifically to increase the funding spent for school age, infant/toddler, odd-hour care and care in underserved geographic areas). This legislation also mandated increased funding for quality initiatives, resource and referral, and inclusion for children with special needs, as well as funding for full-day, full-year Head Start<sup>12</sup> and comprehensive voluntary family visitation for newborn children. A package of tax incentives was developed to encourage families and businesses to invest in the development of “quality child care” in Maine. Additional legislation was passed in the 120th legislature to codify and support the increased reimbursement rates for “Child Care Programs of Quality.”<sup>13</sup>

**Provider Community:** The child care agenda in Maine has been championed by a statewide provider organization, the “Alliance for Early Care, Education and Support Services”, commonly referred to as ACCESS. ACCESS is a coalition of 5 provider organizations (Maine Child Care Director’s Association, Maine Head Start Directors’ Association, Maine Association of Child Care Resource and Referral Agencies, Maine Family Child Care Association, and Maine School Age Care Alliance<sup>14</sup>). ACCESS also supports nine local provider/stakeholder groups organized in the various regions of the state. ACCESS has been fundamental in bringing the message of the need for quality, accessible, and affordable child care to the larger community, including the state legislature. The Start ME Right package was effectively championed by ACCESS.

**Administration:** The lead agency for child care in Maine<sup>15</sup> has worked extensively with both the provider community and other community stakeholders to craft policy. This office has effectively utilized the Maine Child Care Advisory Council as both a resource and a sounding board for development and implementation of child care policy.<sup>16</sup> The original set of recommendations for the Start ME Right package originated at the Child Care Advisory Council, and much of the practical implementation of the legislation was worked through by the council. That said, it must also be noted that the Child Care Advisory Council is only an advisory body. The Department of Human Services must be commended for implementing the innovative child care policy currently in place in Maine.

<sup>10</sup> To date, Maine has drawn down all available CCDF funds.

<sup>11</sup> Budget figures courtesy of Maine Department of Human Services, Community Services Center.

<sup>12</sup> Full-day, full-year Head Start programming was funded by the Fund for a Healthy Maine to increase Head Start Programming that was accessible to children of working families.

<sup>13</sup> L.D. 216 written and sponsored by Sen. Susan Longley enacted to be PL. 374.

<sup>14</sup> ACCESS is in the process of adding a 6th partner; a coalition of programs caring for children with special needs.

<sup>15</sup> The Office of Child Care and Head Start, which exists within the Community Services Center; in turn exists within the Maine Department of Human Services.

<sup>16</sup> The Maine Child Care Advisory Council is a legislatively mandated committee made up of state officials, child care providers, parents, business representatives and legislators charged with advising the state government (both administration and legislature) on issues concerning child care in Maine.



## Funding: Where does it come from, what's working, what's not?

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As noted above, Maine has seen an \$18 million increase in state spending on child care over the past five years. This has primarily been the result of staged increases in the CCDF (\$13 million increase from 1996 to 2002), utilization of the national "Tobacco Settlement" to fund child care projects (increasing state spending by \$3 million between 1996 and 2002), and utilization of the option to transfer TANF funds into the CCDF (an additional \$5.5 million for 2002).

The policies that the State of Maine has developed around child care subsidies and for other quality and support activities have been excellent for a state with Maine's economy. Family incomes in Maine are relatively low while cost of living is relatively high. (*An analysis of this demographic will follow*). Maine also has a relatively limited tax base, but has still chosen to make a significant investment in the quality of child care in the state.

The key policies that Maine has developed around child care subsidies are as follows:

- Family Financial Eligibility: Maine families are eligible for a subsidy if they are working or in job training, and if family income is under 85% of state median income. Many states set this figure at a much lower level. Maine re-adjusts this figure annually to reflect any changes in state median income. (*For 2001, 85% of state median income for a family of three was set at \$36,400. In 2002, it will increase to \$41,080. Overall, this figure has increased by \$8,588 since 1998.*)
- Family Co-Payment: All families receiving subsidies are required to make a "co-payment" towards their child care expense.<sup>17</sup> This "co-payment" is based upon a percentage of gross family weekly income, and the lower the family income the lower the percent of income is assessed as their co-pay. In Maine, no family eligible for a subsidy is required to pay more than 10% of gross family income for their children's child care regardless of the number of children in care. *The family of three with an income of \$36,400 would pay approximately \$70 per week (\$36,400 a year equals \$700 per week. This family would be assessed 10% of weekly income, or \$70 a week for child care.) The family of three with an income of \$15,000 would pay \$23 per week. (\$15,000 a year equals \$288 a week. This family would be assessed only 8% of weekly income, or \$23 a week for child care.)*<sup>18</sup>
- Subsidy System and Rates of Reimbursement: Child care subsidies are provided both via vouchers and contracts at up to the 75th percentile of the market rate. The reimbursement rates for voucher payments are based upon regional market rates, but can be as high as \$133 per week for pre-school child care (*rate set for pre-school children in center-based care in Cumberland County*).<sup>19</sup>

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<sup>17</sup> Exceptions are made for "Child Protective" referrals and children in Foster Care.

<sup>18</sup> Figures from the Maine Department of Human Services "Sliding Fee Schedule" for child care "co-payments". A full copy of this fee schedule is attached.

<sup>19</sup> The State of Maine administers a "Market Rate Study", a study of what child care providers are charging for services. This study is performed every two years, and reviews child care rates in twelve categories: Infants, Toddlers, Pre-School, and School Aged Children in Center Based, Family Based and Legal Unlicensed childcare settings. This information is then collated by county. Rates are set at the 75<sup>th</sup> percentile of the cost of care by type of care, setting, and county (in other words, 74% of the providers are charging less and 25% of the providers are charging more).

- Priority for Families at Greatest Economic Risk: Child care subsidies are guaranteed for TANF families and those families who have transitioned off of welfare.
- Support for Other At-Risk Children: Maine has expanded child care eligibility to include children who are “at-risk”. This expanded eligibility includes a specific fund set-aside to assist with the child care costs of parents in domestic violence programs. There is another set-aside for children from families who are experiencing severe family stress, but are not yet “child protective” clients. The families must still document financial eligibility, but the work requirement is waived.
- Support for Quality Child Care: Maine has an automatic 3% “quality set-aside” for “contracted” child care programs. Those child care centers and family child care providers who enroll subsidized children (either by holding a state child care contract or by accepting a child voucher) can receive an additional enhanced reimbursement rate of 10% above the approved rate if they can document they are “Programs of Quality” by being accredited by a nationally recognized accrediting body (i.e. National Association for the Education of the Young Child [NAEYC], National School Age Care Alliance [NSACA], National Family Child Care Association [NFCCA]). This definition of quality is also extended to family child care providers with a CDA certificate and/or who have achieved specific and documented levels of education and professional development.

The key programs and policies that Maine has developed around child care quality include:

- A statewide, regionally-based system of Child Care Resource and Referral Centers;
- A comprehensive statewide training and professional development program for child care providers known as Maine Roads To Quality (or MRTQ); and,
- A statewide program for assisting in the integration of children with Special Needs into child care programs known as Child Care Plus ME.

*A more complete description of these programs is included in a later section of this report.*

**While all of these programs and policies have done much to address the child care needs for the children and families in Maine, there are still many areas of concern around the current and future needs of the child care system in Maine.**

## **Continued State Investments:**

The Maine economy is not a model of strength and the state budget reflects this reality. Maine’s economy, historically based on manufacturing and agriculture, is now transitioning into a “service economy” with a heavy dependency on tourism. This makes state tax revenues insecure and dependent on a number of factors beyond state control (i.e., a strong national economy, reasonable transportation costs, etc.) While the state’s investment in child care increased two years ago during a healthy budget year, this commitment has been less strong during difficult economic times.

As reflected in the earlier budget charts, the projected 2002–2003 state budget, writers were forced to deal with unanticipated state expenses. The state reduced the amount of state funding for child care by \$3.7 million between 2001 and 2002. This reduction was more than covered by the increase in the federal CCDF and an increase in the TANF Transfer (child care funding will actually increase by \$2.1 million from FY 2001 to FY 2002). However, if the \$3.7 million of state funds were retained, Maine could have provided child care subsidies for nearly 1,700 additional children.<sup>20</sup>

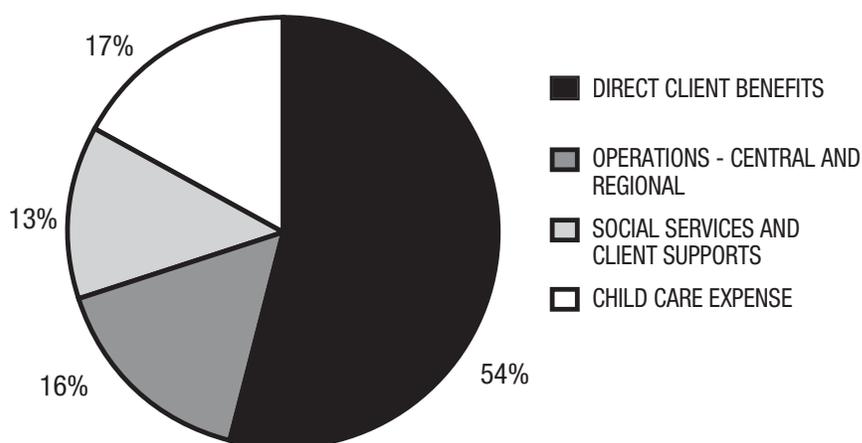
## TANF Transfer

The current level of funds Maine transfers from the TANF block grant into the CCDF block grant is \$5.5 million. While that is not close to the 30% transfer allowable by federal rules, increasing this transfer would have potentially devastating effects for Maine's low-income children.

Even though Maine has moved nearly 6,000 children and their families off the TANF program between 1996 and 2000<sup>21</sup> the primary use of the TANF block grant is still for direct client benefits (e.g., the family's TANF check). Maine spends the bulk (54%) of the total TANF budget for these direct benefits. But even given that high priority, the current TANF benefit for a family of three in Maine is only \$461 per month, the lowest in New England. When the Food Stamp benefit is added to the basic benefit, this family of three still has an income that is comparable to only 68% of the federal poverty level.<sup>22</sup>

After direct financial assistance to families, child care (whether as a "transfer" into the CCDF, or as a direct expense for TANF recipients) was the second largest expense in the Maine TANF block grant.<sup>23</sup>

**Maine TANF Block Grant Spending, FY 2001**



Direct Client Benefits	\$47,442,919
Operations - Central and Regional	\$13,939,652
Social Services and Client Supports	\$11,144,604
Child Care Expense	\$15,097,474

**TOTAL<sup>(1)</sup> \$87,624,649**

<sup>(1)</sup> Contains both Maine's allocation from the Federal TANF Block grant and required state Maintenance of Effort TANF Funds.<sup>24</sup>

<sup>20</sup> Based on the average cost to the state for a child care subsidy in 2001, which equaled approximately \$2,200 per year.

<sup>21</sup> Source: Maine Department of Health and Human Services.

<sup>22</sup> Analysis for March 27, 2001 report from Maine Equal Justice Project.

<sup>23</sup> \$4.7 million in TANF transfer for FY 2001, and \$10.4 million in direct provider payments for TANF clients.

<sup>24</sup> TANF Block Grant Budget from a February 2001 report from Maine Department of Human Services, Bureau of Family Independence.

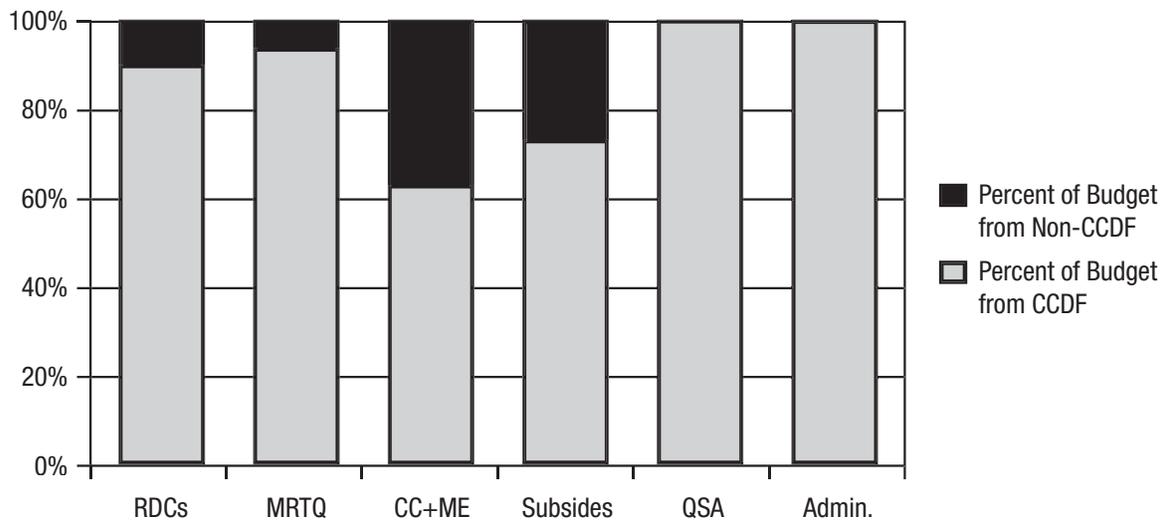
**Increasing Maine’s “Non TANF” child care budget by shifting funds from the state’s TANF Block Grant (whether this shift occurred on the Federal or the State level) would necessitate a cutback in some area of current TANF spending in Maine. This could only be to the detriment of low income children. It would not matter if this reduction in TANF spending resulted in reducing the already low direct benefit, reducing or eliminating family support services, or reducing the availability of child care options for TANF families. The final result would be that these low income children, already at risk because of poverty, would be placed in even greater jeopardy.**

## Increased Dependency on Federal Block Grant Funding

Maine has become overwhelmingly dependent on both the CCDF and the continued level of funding from the TANF Transfer. In 1996, only 31% of the child care budget came from these sources. In 2002, fully 76% of all public funding for child care in Maine will come from these two funding streams. Quality initiatives are particularly dependent upon the CCDF and TANF Transfer:

The specific breakdown and dependency on the CCDF block grant is as follows:

**Percent of Maine Child Care Budgets from CCDF - 2002**



	Total Annual Budget	CCDF Dollars in Budget (A)	Percent of Budget From CCDF
Resource Development Centers (B)	\$1,605,513	\$1,451,208	90%
Maine Roads to Quality (B)	\$743,418	\$700,176	94%
Child Care Plus ME (B)	\$470,024	\$295,024	63%
Subsidies (C)	\$24,809,136	\$18,050,367	73%
Quality Set Asides for Providers Serving Subsidized Clients (D)	\$1,127,609	\$1,127,609	100%
State Administration	\$570,720	\$570,720	100%
<b>Totals</b>	<b>\$29,326,420</b>	<b>\$22,195,104</b>	<b>76%</b>

(A) This includes the TANF Transfer into CCDF.<sup>25</sup> This **does not** include any state Maintenance of Effort or Matching funds.

(B) A description and further discussion of these specific programs to follow.

(C) This includes both "vouchers" and "contracted slots."

(D) This includes both the Quality Set Aside for contracted child care and the 10% "accreditation increase."

**As noted above, \$.76 of every \$1.00 of public funds spend on child care in Maine comes from the federal block grants. Block grant funding specifically for the four quality initiatives (The Resource Development Centers, Maine Roads to Quality, Child Care Plus ME, and the quality set asides) accounts, for \$.91 of every \$1.00 of public funds spent on these programs.**

## Increased Demand

The number of Maine families who need subsidized child care has grown dramatically during the past five years. There is no indication that this need will abate. This increased demand is dealt with more fully in the next section.

<sup>25</sup> Budget figures are courtesy of the Maine Department of Human Services, Community Service Center.



# Children and Families Served: Where is the need and what are we doing to meet the need?

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The Maine Department of Human Services, Community Service Center, reports that approximately 13,367 “Non-TANF” children received child care subsidies through either vouchers or contracted slots in 2001. This is the first year we are able to accurately document total number of children served in the child care subsidy system.

Over the past five years, two trends have shaped the demand for child care subsidies in Maine. The first is the impact of Welfare Reform. The second is that economic pressures have required an increased number of parents with dependent children to move into the workforce.

## Welfare Reform

Welfare reform has moved thousands of children into the subsidized child care system over the past five years. In 2001, the Maine Department of Human Services estimates that between 2,000 and 3,000 children will receive “transitional child care vouchers”, costing over \$5.2 million (21% of our total child care subsidy budget for 2001).

This is a cost to the child care subsidy system that simply did not exist five years ago.

### Number of Children and Child Care Expense for Maine Families Who have Transitioned off of TANF, 1998-2001<sup>26</sup>

Fiscal Year	Number of Children	Expenditures
1998	1,089	Specific data not available
1999	1,701	\$2,324,009
2000	1,995	\$3,745,456
2001	Between 2,000 and 3,000	\$5,206,095

The Maine Association of Child Care Resource and Referral Agencies (the state association representing the 11 regional RDCs who are responsible for voucher management) report that this expense continues to increase because of three factors:

- 1) As noted earlier, all families who transition off of welfare are automatically eligible for a child care voucher if they apply within 12 months of leaving TANF, are working and are still income eligible.
- 2) These “transitional families” are not necessarily moving off of the subsidy roles. A high percentage of families who receive a child care voucher upon transitioning off of welfare remain employed, but are still eligible for the child care subsidy for years after transitioning off of welfare. As new families make the transition from welfare to work, the number of guaranteed

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<sup>26</sup> Figures courtesy of the Maine Department of Human Services, Community Service Center.

vouchers increases. From 1998 to 2000, there was an 84% increase in the number of children receiving from these “transitional” child care subsidies.

- 3) Families transitioning off of welfare are moving into low paying jobs. This means that their “co-pay” is generally at the lower tiers. This also means that the percent of the child care cost the state must subsidize is generally higher for these families. These families are also staying in lower paying jobs. Generally, a transitional family that had a \$15 per week co-pay in 1996 still has a \$15 co-pay in 2001<sup>27</sup>. The income for these families, as a group, has barely kept pace with adjustments to the State Median Income.

**These numbers are not to imply this policy concerning these guaranteed “transitional” child care is flawed in any way. The welfare reform numbers tell us just the opposite. Maine’s “Transitional Child Care” policy seems to be an essential component for these families’ successes.**

A recent study of those families who have transitioned off of welfare over the past four years documents two key facts. First, most of families who have transitioned off welfare have remained off welfare. Second, and most important to a discussion of child care policy, was that lack of child care **was not** an issue for those who did return to the TANF program.<sup>28</sup>

## Custodial Parents in the Workforce

Maine has seen a considerable increase in the number of working families requiring child care. The most recent census numbers state that 61% of families with children under age five are “working families” and that over 70% of families with children six to fourteen are “working families”.<sup>29</sup> The term “working families” includes both single-parent families where the parent works, and two-parent families where both parents work.

Historically it has been assumed that child care was primarily a need of single parent families. In Maine, because of the trends in family incomes and family expenses, child care has become a need for all families.

Employment trends over the past 18 years have led to a loss of high-income jobs for working class families in Maine. Between 1982 and 2000, Maine, like most of the country, saw a significant increase in the number of jobs available. However, while the number of jobs in Maine increased by nearly 190,000, manufacturing jobs actually decreased by 23,400. The greatest area of job growth was in retail sales (an increase of 51,300 jobs) and service jobs (an increase of 100,900 jobs).<sup>30</sup>

The loss of these manufacturing jobs, and the dramatic increase in retail and service jobs, is important for wage earners in Maine. For the calendar year 2000, income for manufacturing jobs in Maine was \$655 per week. For this same time frame, the average income for service jobs was only \$479 per week, and only \$310 per week for retail jobs.<sup>31</sup>

According to the most recent Federal Census Data, average annual salary for all Maine residents was \$24,899.

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<sup>27</sup> Based upon a survey of Maine Voucher Management Agencies.

<sup>28</sup> Based on a parent survey conducted by the Maine Center for Economic Policy of 748 former TANF clients. This survey is still being analyzed, and full data from the survey will be published and available in the near future.

<sup>29</sup> 2000 U.S. Census Figures.

<sup>30</sup> Data compiled by the Center On Budget and Policy Priorities. “The Poverty Despite Work Handbook - third Edition”, Tenny, Zahradnik, published Aug. 2001

<sup>31</sup> Ibid.

These numbers take on additional meaning in light of the average family expenses in Maine. The basic cost of survival is higher than what most young families (regardless of whether this is a one or two parent family) can afford (see accompanying chart of Maine Household Spending). Also, note that the family in this model cannot access any other form of public support. Food Stamp, WIC, Subsidized Housing, and Fuel Assistance and Medicaid all have eligibility standards well below this income.

### Distribution of Maine Household Spending Study

Family of three with one child in child care with an income of \$36,452 (eligible for child care subsidy).

	Annual	Monthly	Weekly
Food <sup>32</sup>	\$4,500	\$375	\$67
Housing, Including Rent or Mortgage, Heat and Utilities <sup>33</sup>	\$10,465	\$872	\$201
Apparel/Services	\$1,704	\$142	\$33
Transportation, Including Gas, Insurance, Upkeep, and Repairs <sup>34</sup>	\$2,664	\$222	\$51
Health Care <sup>35</sup>	\$5,724	\$477	\$110
Child Care (With Subsidy)	\$3,640	\$303	\$70
Taxes	\$4,236	\$353	\$81
<b>Birthdays &amp; Holiday Spending, Emergencies Trips to see Grandma, Tithing to the Church School Supplies , and everything else in the world</b>	\$3,519	\$293	\$67
<b>Total Expenses</b>	<b>\$36,452</b>	<b>\$3,038</b>	<b>\$701</b>
Child Care Expense with no Subsidy <sup>36</sup>	\$6,240	\$520	\$120
<b>Family Bottom Line Becomes:</b>	<b>-\$2,721</b>	<b>-\$227</b>	<b>-\$52</b>

Even with eligibility child care subsidies at 85% of SMI, families who have a subsidy will still have a difficult time meeting expenses. Those families who are accessing public subsidies for child care are doing so in order to survive economically without sacrificing the well-being of their children. Those families who are below 85% of SMI, but unable to access a subsidy because of long waiting lists, are faced with critical decisions. Deciding to pay for quality child care by not paying for rent or medical care gains the family nothing.

<sup>32</sup> Food Costs based upon USDA “low cost food plan.” USDA Food Plan represents the amount families need to spend to achieve “nutritionally adequate diets.” USDA Food plans are available at [www.usda.gov/cnpp/using3.htm](http://www.usda.gov/cnpp/using3.htm).

<sup>33</sup> Baseline housing figures based upon the 40th percentile of Department of Housing and Urban Development Fair Market Rents for “safe and sanitary rental housing” in Maine. Additional heat and utility costs were figured at \$170.00 per month per unit.

<sup>34</sup> From “Hardships in America—The Real Story of Working Families” Boushey, Brocht, Sundersen, Berstein, published by the Economic Policy Institute, 2001.

<sup>35</sup> Ibid.

<sup>36</sup> Based upon 75<sup>th</sup> percentile of market rate for child care in Maine for a pre-school child enrolled in a center; from 2000 Market Rate Study.

**All of this leads us to the conclusion that:**

- **Families, regardless of being a single or a two-parent family, need both parents to be in the workforce. They will need child care in order to maintain the employment they need to survive.**
- **Given the overall cost of the other expenses needed to survive, even families at 85% of state median income need to be able to access a child care subsidy.**
- **Families who cannot access a child care subsidy will be forced to make dangerous compromises in regard to their children's well being. (A further discussion on the choices parents are forced to make will follow.)**

## Availability of Subsidies

It can be difficult to document the "un-met need" for child care in general and for subsidized child care in particular. There are two specific analyses of un-met need we can use.

The first is to look to the waiting list for child care vouchers administered by the Resource Development Centers. These "RDCs" have non-overlapping catchment areas, so they can maintain unduplicated waiting lists. As of 12/1/00, there were a total 2,000 eligible families on voucher waiting lists statewide.

The second analysis on un-met need comes from a review of population data shown below. This analysis shows the estimated level of un-met need to be a much higher number: nearly 30,000 children of working parents eligible, but unable to access a child care subsidy.

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Number of children under birth to five years of age in Maine <sup>37</sup>	70,726
Number of children six to twelve years of age in Maine <sup>38</sup>	138,373
Number of children birth to twelve years of years of age with working parents (70,726 X 60% + 138,373 X 71%) <sup>39</sup>	140,681
Estimated % of families who can rely on "informal" child care providers in Maine	40%
Estimated number of children needing formal "out of home" child care (140,681 X 60%)	84,409
Estimated % of families with dependent children under the age of twelve below 85% of state median income <sup>40</sup>	50%
Estimated number of children needing formal child care and eligible for a child care subsidy (84,409 X 50%)	42,204
Number of child care subsidies available <sup>41</sup>	12,000
<b>Estimated Number of Children Eligible But Unable to Access a Child Care Subsidy</b>	<b>30,204</b>

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<sup>37</sup> Data from most recent federal census.

<sup>38</sup> Ibid.

<sup>39</sup> Data from most recent federal census states that 60% of Maine Families with children birth to five years of age are "working families", and that 71% of Maine Families with children ages six to twelve years of age are "working families".

<sup>40</sup> Data from most recent federal census.

<sup>41</sup> Based on a Maine Department of Human Services report of 11,500 children accessing a child care subsidy in FY 2001, with an increase of 500 children for FY 2002 (as the child care budget expands from \$27 million to \$29 million).

This analysis is not intended to be definitive, but a demonstration of the overall demographic based needs of working families in Maine.

The figure on the estimated number of children able to rely on informal care (friends, relatives, or spouses working alternative schedules) is based on a compromise between two different data sources. A 1989 report prepared by the Maine Office of Child Care and Head Start Coordination, estimated that nearly 50% of Maine families rely on informal child care. A 1997 Columbia University study found that the percentage of families able to rely on this form of care had dropped steadily over the past 10 years and now stands at 20% nationwide. We also do not know how many families in the original Maine study relied on informal care because of choice, and how many relied on informal care because that was all that they could afford. Because of this uncertainty, for the purpose of this analysis, we have chosen a conservative figure of 40%.

**While not definitive, this analysis does demonstrate that the overall un-met need for child care subsidies is most likely closer to 30,000 children, than the 2,000 noted on the voucher waiting list.**

The wide variance between these two numbers is not that difficult to reconcile. When a prospective voucher client contacts the RDC for child care assistance and is told that they will need to wait a year or longer before assistance is available, they may not take the time to apply. These Resource Development Centers report that as new funds become available and the waiting period is shortened, families begin once again filling up the waiting lists.

*The length of time a prospective family waits for a voucher to become available appears to be the result of two factors. The first factor is the obvious number of eligible families in Maine. The second is the length of time a family remains eligible once they have the voucher. As noted in the earlier discussion of families transitioning off of welfare, the lack of upward economic mobility keeps low-income working families low-income and eligible for a child care subsidy.*

**The inevitable “next question” that follows the data noted above around the large numbers of parents not able to access a subsidy would be, “What are these families who cannot access a subsidy doing?”**

There has been no systematic study of what low-income families are doing to meet their child care needs prior to accessing a public subsidy. There are however, some indications.

A 1997 study of “low-income working families” in Maine reported that over 20% of the working parents interviewed acknowledged they had left their child(ren) in an unsafe child care situation at some point in the prior year in order to work.<sup>42</sup>

A 2001 Voucher Parent Survey for Kennebec County (conducted by the RDC for that area) asked this question and generated this range of responses from parents:

- “(This Voucher) allowed me to come off welfare. I want to work but could not afford child care.”
- “I can now afford quality child care and not worry about my child being put in jeopardy.”
- “It (the child care subsidy) made it possible for me to work.”
- “(Now) My child only has to go to one provider. I’m not always looking for someone to watch him.”

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<sup>42</sup> From “A Snapshot of Working Poor Families”, Maine Center for Economic Policy 1997—a survey of over 300 Maine families with income below 180% of the federal poverty level and in which at least one parent worked.

- “I don’t have to leave my children alone after school now.”
- “My 13 year old does not have to be responsible for watching his brother and sister.”
- “I feel my children are safer now that they are cared for in licensed child care.”

A second RDC, providing voucher services for York County, reported that prior to accessing a child care voucher, it was not uncommon for families to rely upon as many as five different informal caregivers a week to cover their child care needs.

Other RDCs consistently report similar responses from families coming into the voucher program.

## **A Note on Pre-Kindergarten and Head Start**

Many states have utilized other funding streams to offset some costs for the care of the young child. Department of Education funding for Pre-Kindergarten (often referred to as “Pre-K”) and Head Start funds have both been accessed to provide programs which care for the pre-school child for at least a portion of the child’s day.

Maine does not yet have a statewide program for universal Pre-K. There have been some attempts by local school districts to provide this service, but it is not yet a significant part of the solution for meeting the child care needs of working families.

The Head Start Community in Maine has acknowledged the need to incorporate the reality of working families into their service plans. Welfare Reform has made full-day, full-year child care a fact of life for the majority of Head Start clients.

(One Head Start Grantee<sup>43</sup> has seen the percentage of working families enrolled in its programs increase from 20% in 1996 to 60% in 2001.)

However, it’s important to note that the Head Start grantees throughout Maine also report that there are very few local Head Start programs able to provide the full-time, full-year care required to facilitate employment using exclusively Head Start dollars.

It is significant that all of the 14 Head Start Grantees in Maine have utilized CCDF funding to provide “wrap around” services to allow Head Start parents to maintain employment. Head Start Grantees have found creative solutions to this need, adapting in a variety of ways. Some of these projects would include:

- Accessing CCDF funds to extend the traditional part-time Head Start Classroom schedule to full days.
- Contracting with outside childcare programs with child care subsidy contracts, where the childcare agency staff will come into Head Start classrooms following the part-time Head Start programming to extend the day for working families.
- Extending Home Based Head Start supports into Family Child Care Providers in rural communities.

These programs are commendable efforts to meet the real needs of children and families, but are one more example of Maine’s dependency on the CCDF.

The effort to partner Head Start and child care programming is still made difficult by the two distinct and separate federal funding streams. Head Start and child care policy still diverge on key issues, primarily those around eligibility standards and prioritizing children on waiting lists. These divergent policies continue to prevent us from maximizing the benefits of serving common clients.

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<sup>43</sup> Peoples Regional Opportunity Project, Cumberland County.

# Parental Choices: Are parents able to make choices around their child care or are they forced to accept the child care they can find and afford?

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**The key issues that effect a parent's choice of child care are cost and availability of service.**

## Affordability

As noted above, the key group of families for whom cost is a profound barrier are those families who are eligible for a state child care subsidy but are unable to access one. These are the low to moderate-income working families who are not receiving (and have not received) public assistance, who are income eligible and waiting for a child care subsidy. Other families facing this difficulty would be those families who are just above the income eligibility limits.

Maine has attempted to address the issue of those just above the income limits by annually adjusting the 85% of state median income figure to match increases in state median incomes (see earlier section on Funding). *However, a family just above the 2002 eligibility level of \$41,000 per year could easily pay nearly 17% of annual family income just for child care for one child.*

As for those families who are below 85% of state median income, we once again note that the families who are receiving TANF benefits are guaranteed a child care subsidy if they are involved with an approved job training program and/or approved job. The families who have transitioned off of welfare are also guaranteed a child care subsidy. It is those families who have never received TANF benefits who face the long waiting lists for a child care subsidy.

**Due to the child care provider payment policy noted previously, families who have access to a child care subsidy have as great, if not greater, access to appropriate child care as most of the rest of the community.**

The State of Maine's willingness to pay providers at the 75<sup>th</sup> percentile means that, while there are some communities where the provider of choice may have a rate in the top 25<sup>th</sup> percentile and is unwilling to accept a child care voucher for less, the overall subsidy system **does not** discriminate against low-income families.

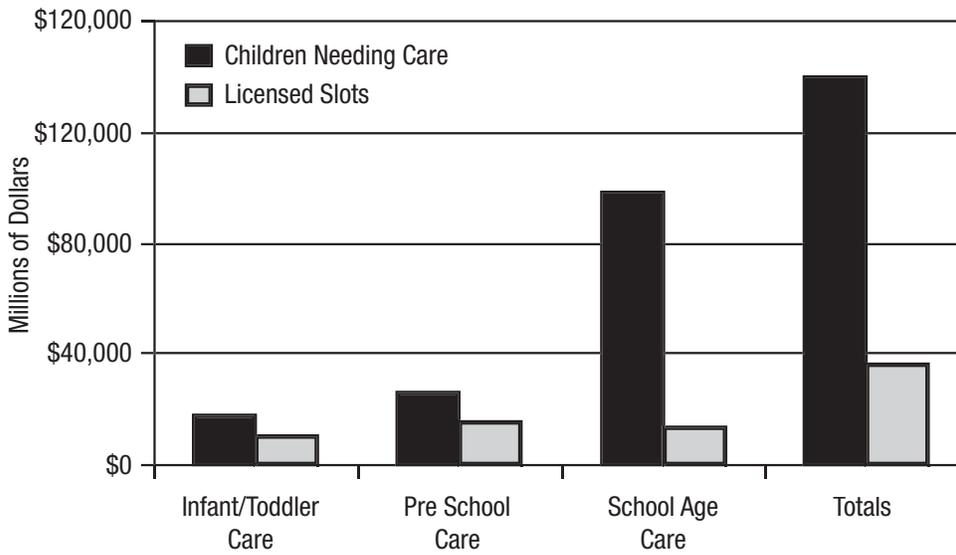
**Given the documented waiting lists for child care vouchers, we can make the assumption that an adequate subsidy delivery system is in place, but that a family's inability to access a subsidy is rooted in the limited number of subsidies available.**

## Availability

Many families in Maine face significant barriers in finding adequate child care, regardless of their ability to pay or their access to subsidies.

Assessing the "supply" of available child care is difficult in Maine because of the high reliance on "legal-licensed care". We also do not have any firm research to indicate whether families are utilizing this "informal" care because that is the only option available, or because the family prefers this form of child care.

## Maine Child Care Need vs. Licensed Capacity



We can document a considerable gap between the demographic need for child care and the availability of legal, licensed care. We can also demonstrate that this gap is greatest for school aged children.<sup>44</sup> Anecdotal information leads us to believe that there are also wide gaps in the availability of care for infants, toddlers, and children with special needs.

	Children Needing Care <sup>45</sup>	Licensed Slots <sup>46</sup>	Percent of Met Need
Infant/Toddler Care	16,974	9,420	<b>55%</b>
Pre-School Care	25,461	13,900	<b>55%</b>
School Age Care	98,245	12,096	<b>12%</b>
<b>Totals</b>	<b>140,680</b>	<b>35,416</b>	<b>25%</b>

This chart demonstrates that there is no age range where there were licensed slots for more than 55% of children needing care.

In response to a request for information, the state resource and referral agencies report that the most frequent requests for assistance in finding child care are centered around the following four needs:

- Infant/toddler care;
- School age care;

<sup>44</sup> For this discussion, we have utilized Maine Department of Human Services' definitions for the ages of children served. Children 6 weeks to 12 months old are defined as "Infants". Children 12 months to 30 months are defined as "Toddlers". Children 30 months to 5 years of age are defined as "Pre-School" and children 6 years to 12 years are defined as "School-Age".

<sup>45</sup> Data from U.S. 2000 Census.

<sup>46</sup> Data from Alliance for Children's Care, Education, and Supporting Services 2000 report on Early Care and Education in Maine.

- Care for children with special needs; and,
- Odd hour care.

The lack of availability of each of these areas of care seems to stem from the different issues attached to each of these forms of care.

- 1) **Infant Care:** The prime concern from the provider perspective seems to be the cost of providing this care. The child-to-staff ratio for infant care is four children to one adult.<sup>47</sup> The same single provider can care for up to 10 pre-school children. A provider would either have to double his/her rates or get by on half of his/her income to accept infants. The average private fee paying parent cannot afford to pay this higher cost for child care. State reimbursement rates, while higher for infants and toddlers, still are not double those for pre-school children. (The current maximum state subsidy for pre-school children is set at \$133.00 per week. The maximum state subsidy for infants and toddlers is roughly \$150 per week.)
- 2) **School Age Care:** The lack of school-age care represents the greatest gap of any demographic group of children. The Maine School Age Care Alliance reports that the primary difficulty in providing this care is tied directly to the inability of school age programs to recruit and retain sufficient staff. To ensure the parent's ability to work, school-age programs need to be a) custodial in nature, and b) available whenever school is not in session. This would include early mornings as well as afternoons and both scheduled and un-scheduled school shut down days. *(The term "custodial in nature" means that the provider guarantees that the children in care are "enrolled" and fully supervised, as compared to a program where the children have the option of leaving if they so choose. Custodial school-age child care provides a sufficient level of care to guarantee a parent can maintain employment without fear for their children's safety).*

This part time and shifting schedule coupled with the overall low wage scale for child care providers in Maine creates a unique labor crisis for these school-age programs.

- 3) **Children with Special Needs:** Providers are reporting that there has been a significant increase in the numbers and severity of the special needs they see in their mainstream programs. A 2000 survey of child care programs statewide noted that:<sup>48</sup>
  - 30% of the responding programs reported serving children with diagnosed medical needs, and 8% reported serving children with "undiagnosed" medical needs.
  - 19% of the responding programs reported serving children with diagnosed physical needs, and 9% reported serving children with "undiagnosed" physical needs.
  - 33% of the responding programs reported serving children with diagnosed behavioral needs, and 29% reported serving children with "undiagnosed" behavioral needs.
  - 12 % of the responding programs reported they had not enrolled a child (or children) because of the child's behaviors, and 21% reported they had asked a child (or children) to leave the program because of the child's behaviors.

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<sup>47</sup> A Maine licensing requirement.

<sup>48</sup> This information was compiled as part of a larger survey of Health, Safety, and Quality Need for Child Care providers in Maine. The survey was a self-reporting document funded by the Maine Department of Human Services, Community Services Center; and was facilitated by six community agencies statewide. In total, 878 providers responded; 642 licensed or certified family child care providers (20% of state total); 141 licensed child care centers (35% of the state total); 22 programs specifically designated as "School Age Programs"; and 23 nursery school providers.)

This is one more instance of where we have no hard data to assess why these numbers are so high. We do not know if there is some outside environmental factor at work or if this is just a case of increased awareness and screening for young children. One factor would certainly be the fact that families with children with special needs are not immune from the pressures (both the economic forces noted earlier and welfare reform) forcing all families into the workforce and increasing the need for child care.

**Again, we have no hard data, but the Maine Association of Child Care Resource and Referral Agencies and the Maine Center for Community Inclusion<sup>49</sup> both report that child care providers want to integrate these children into their existing programs, but feel they lack the expertise and/or the specific supports to do so.**

4) **Odd Hour Care:** In Maine, as in the balance of the nation, families are increasingly frustrated by the lack of “odd hour care”. The 1999 review of provider services noted the following:

Type of “Odd Hour Care”	Percent of Centers Providing this Care <sup>50</sup>	Percent of Licensed Family Homes Providing this Care <sup>51</sup>
Open Evenings	2%	6%
Open Overnight	Less than 1%	4%
Open Weekends	1%	5%
24 Hour Care	0%	2%
Vacations and Holidays	72%	73%

While we can note the lack of this care, it is difficult to quantify the level of need or the reason that so few programs provide this care.

As far as the need, we can surmise that it is great, reflecting the movement of Maine’s economy towards a greater dependence on the “service sector” and retail employment, especially for entry-level and low wage workers. The Bureau of Family Independence has noted that the lack of this odd hour care to be one of the primary barriers for families transitioning off of welfare into work.

*An interesting twist on this story comes from informal information from the Child Care Resource and Referral Agencies. RDC staff report that families who are seeking this “odd hour” care are generally more interested in extended day care, early mornings and early evenings. Parents seem to prefer having their children go to bed in their own homes and seem to be able to find informal care for this late night and overnight care. If this observation holds true, then resources should be funneled into increasing the supply of flexible evening care, rather than overnight child care.*

<sup>49</sup> Maine Center for Community Inclusion is contracted to administer the Child Care Plus ME program in Maine.

<sup>50</sup> Data on available licensed slots from 2000 Alliance of Children’s Care, Education, and Supporting Services (A.C.C.E.S.S) report on Early Care and Education in Maine.

<sup>51</sup> Ibid.

# Quality of Care: What is Maine doing to ensure that the child care available is of sufficient quality?

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Maine has made a substantial investment towards ensuring the quality of care for children in child care. This investment includes:

- A regionally-based child care resource and referral program (*referred to as CCR&Rs in most of the country, but referred to as “Resource Development Agencies”, or RDCs in Maine*). This is essential given the demographics of Maine. Maine is primarily a state of small towns. As such, most of the child care delivered in Maine will be in small, locally-based programs. Family child care providers (licensed, legal-unlicensed and illegal) are a cornerstone of the child care system. These are providers who require a particular level of outreach and support. Also, the different regions of Maine differ dramatically both in business climate and in the human resources available. Both these realities reflect the need for this regionally based child care support system. (*CCR&Rs provide a variety of support services to parents and child care providers, including maintaining a data base of child care for a region, referral services to match up families with appropriate child care providers, resource development to recruit new providers into needed areas, training and professional development for child care providers, and technical assistance for providers, communities and businesses looking to support employees in meeting their child care needs.*)
- A coordinated professional development program that is comprehensive, community based and accessible statewide funded via CCDF. Referred to as “Maine Roads to Quality” (or MRTQ), this professional development system has designed and coordinated a statewide comprehensive training program for both center-based staff and family child care providers. This training program is delivered by the RDCs in local communities. Maine Roads to Quality also provides support activities for programs pursuing accreditation, childcare director training, a scholarship fund, a “registry” to document the professional development of child care providers and articulation support to support further education. (*Maine Road to Quality is available to all Maine child care providers. It is NOT limited to those providers accepting state-subsidized children.*)
- A statewide resource for assisting child care providers with the provision of care for children with special needs. This program, referred to as “Child Care Plus ME”, provides consultation and technical assistance to child care providers on inclusion issues. It also provides financial assistance for providers demonstrating a need for specific program adaptations to be able to include children with special needs. (*Child Care Plus ME is also NOT limited to those providers accepting state subsidized children.*)

There remain six primary concerns around the quality of child care in Maine.

## **1) There is a need to increase the level of individual provider training and education that is currently available to the child care provider community.**

Maine Roads to Quality (MRTQ) published a report in January of 2001 indicating the levels of training and education of professionals serving children in Maine. Looking at delivery models separately, MRTQ surveyed caregivers regarding education and training, compensation and benefits, as well as experience and retention.

Overall, the most highly traditionally educated staff people were in the center-based sector where 20% of those respondents indicated completion of a CDA, certificate or degree in early childhood education. In certified family child care, 10% of respondents indicated completion of a CDA, certificate, or degree in early childhood education.

The idea of training and professional development was embraced statewide with 93% of center-based staff and family child care staff respondents, as well as 40% of kith and kin staff respondents, attending some training program annually.

It is clear from this data that Maine's child care providers do utilize available training, but overall, do not hold degrees or certificates via more formalized educational pathways. Through the Maine Roads to Quality initiative, Maine now has coordinated the training delivery and efforts of the RDCs. As a result, Maine has seen a large response to the training offered, specifically training that is tied to gaining 180 hours in core knowledge areas in early childhood education that can be "articulated" (applied as credit toward a two or four year college degree via the University of Maine at Augusta).

Maine Roads to Quality reports that, through the local RDC's, it was able to provide core knowledge training modules to approximately 800 providers in Maine in FY 2001. RDC's have reported that they have waiting lists for attendance at such events and have a difficult time keeping up with the demand for this training. Thus, it is clear that the initiative has been well received in the provider community, however given the limited resources, including funding, qualified trainers to teach modules, and the limited use of alternative technology, only 5% of the provider community accessed the training.<sup>52</sup>

This leads to the following conclusions:

- Maine must strengthen and expand the Maine Roads to Quality initiative to meet demand.
- Maine should consider varied outreach efforts, design of ITV and internet training modules, and creative efforts to reach geographically challenged providers as avenues to pursue. However, these approaches will put a greater demand on MRTQ and the RDCs who, in turn, deliver the training.
- Maine needs to strengthen the RDC's ability to respond to the demand for delivery of the core knowledge training so that the benefits of such a program can be maximized statewide.
- Maine must increase the capacity of the technical and state colleges to respond to the number of providers moving beyond the 180 hour training curriculum, in order to support those providers who have the interest in, and ability for, further study. (The lack of four-year and graduate degree programs (one each) in Maine makes it difficult for a provider to further his/her education. This, in turn, limits the quality of our educated staff in terms of their ability to pursue continued professional development opportunities.)

## **2) There is a need to address the lack of accredited providers in Maine.**

Of approximately 3,100 licensed child care centers and family child care homes, only 18 programs currently have achieved accreditation with 40 more in process with the support of MRTQ. Maine Roads to Quality has made significant inroads here as well. Before the advent of this program Maine could report that only 6 sites had achieved NAEYC accreditation. However, although unprecedented for the State, this represents a mere 3% of all child care providers in Maine.<sup>53</sup>

By establishing support cohorts that work together toward improving programs and achieving accreditation along with the guarantee for increased public reimbursement rates for accredited programs, Maine has made substantial progress in this area. It is for this reason that funding in this area must continue, and local collaboration with business and community leadership must be undertaken vigorously to further

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<sup>52</sup> Based upon Maine Licensing numbers for center-based staff and licensed family child care providers, along with projections of the number of individuals providing "legal unlicensed" care. The total projected child care in Maine totals 15,000 people.

<sup>53</sup> Based upon Maine Department of Human Services licensing statistics.

Maine's accreditation efforts. The State has made unprecedented gains in this area impacting quality, and this work must continue to be supported so that accreditation efforts can continue statewide.

### **3) There is a need to pull licensing into the loop on quality issues.**

Specifically, amending the allowable group size regulations for Maine is critical if the state is to move forward on quality issues. Current regulations allow classrooms to accept as many as 12 infants, 15 toddlers, or 30 preschoolers at any given time. Other stakeholders must be engaged on this issue to ensure that group size can be reduced from current levels. It is not enough for a handful of providers to embrace higher standards. Maine must have regulations that reflect what we know to be a basic ingredient in quality care.

### **4) There is a need to improve the overall physical condition of child care facilities in Maine, which is a significant hindrance to quality.**

Because of the harshness of the climate, the use of old and renovated buildings, and the cost of new construction in Maine, many programs are housed in older, less safe and deteriorating buildings. In many cases, this is a program's largest barrier to quality and a center's ability to pursue accreditation. The cost of upgrading facilities from lead paint removal to ADA accessibility is overwhelming for programs.

### **5) Families and providers must continue to have access to resource and referral services.**

The support and funding given to local RDCs have allowed regional outreach to occur and indeed is the best place to impact families' choice around provider availability. With the advent of the MRTQ curriculum and training around the core knowledge areas, many RDCs have focused intently on training delivery that has been coordinated through the Maine Roads to Quality initiative. As a result, efforts toward additional resources and referral activities for parents have been limited in some regions. A focus on building the capacity for partnerships and innovative efforts toward building capacity at a local level is a key element missing in some regions where availability of providers, and thus parental choice, is limited.

### **6) Child care providers must have ongoing support in meeting state or local child care standards, including health and safety standards.**

#### **A) Facility improvement**

In FY 2001, approximately \$2 million of one-time state funding was made available to child care providers (both family child care and center-based providers) for health, safety, and quality improvements.<sup>54</sup> The vast bulk of this funding was utilized for one-time facility (building and grounds) improvements. These funds were dispensed in "mini grants" of \$1,000 to \$20,000 and were administered by regionally-based agencies.

#### **B) Improving the monitoring and enforcement of provider compliance with state or local requirements.**

Historically, the state has budgeted for four licensing workers. State legislative efforts have resulted in the hiring of three additional licensing workers and three additional fire marshals to help improve the current system of monitoring and enforcing provider compliance with state and local requirements.

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<sup>54</sup> A component of the "Start ME Right" legislative package, utilizing Tobacco Settlement Funding, and administered via the Maine Department of Human Services.

**C) Providing training and technical assistance to child care providers in areas such as health and safety, nutrition, first aid, recognizing communicable diseases, detecting and preventing child abuse and caring for children with special needs.**

Child Care Plus ME, a project out of the Center for Community Inclusion at the University of Maine, is a State-University Partnership designed to improve access to, and the quality of child care for all children in Maine. The program's mission is to improve the quality of inclusive child care in Maine through the development of a comprehensive system to support the provision of, and access to, high-quality child care for all children, particularly those with challenging medical and behavioral health care needs, and to prevent children from being excluded from mainstream child care programs.

**D) Improving compensation (salaries and/or fringe benefits) for child care providers.**

The quality improvement reimbursement rate increase of 3% for all contracted centers, as well as the 10% additional bump in reimbursement to those centers considered to meet quality criteria (accreditation by a national agency), and 5% for those programs making substantial progress toward accreditation, is intended to be used to supplement staff salaries. At this time 45 programs receive this reimbursement. We have no significant data on provider salary and/or benefits aside from a survey conducted by MRTQ in 2000. In this survey the highest paid group of providers, those who worked in center-based care, made an average hourly wage of \$8.72. When compared to the assessed living wage of \$17.00/hour for Maine, the average hourly wage of a child care provider is approximately 50% less than what is considered the minimum required to live in the state of Maine.

**E) Providing health consultations for child care providers.**

As part of the Child Care Plus ME initiative, providers may access a health care consultant on any issue pertaining to health issues affecting children.

**F) Other activities:**

- Allowing parents to receive an additional tax credit for sending their children to an accredited child care provider.
- Providing funding to Maine School Aged Child Care Alliance (MSACCA) to provide technical assistance to providers interesting in offering school-aged care.
- Supporting MSACCA conferences for providers
- Supporting infant/toddler training sessions and equipment grants towards start-up or addition of new infant slots.
- Creating a statewide scholarship program for providers attending two-year, four-year and masters degree programs
- Funding a cost/quality study to be completed by Wellsley College.<sup>55</sup>

In assessing whether or not these state quality initiatives have been effective in addressing (at least partially) Maine's quality concerns, we arrive at the following conclusion.

**State quality initiatives, including Maine Roads to Quality, Child Care Plus ME, and the increased provider reimbursement rate to programs of quality, have certainly made significant inroads toward systemic quality enhancement. The scope and range of child care providers, and therefore, children and families, benefiting from these initiatives is still relatively small, however. Support needs to remain for sustaining and enhancing this work so that all providers have access to, and can benefit from, quality initiatives in Maine.**

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<sup>55</sup> Anticipated date of completion for this Cost Quality In Child Care study- 2002.

# Recommendations

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These recommendations are a distillation of the conclusions inherent in this document. These recommendations are primarily concerned with the re-authorization of the federal CCDF, but by necessity, also touch on State Policy and TANF re-authorization.

## Recommended:

- 1) Continuing existing subsidy policies currently in place in the Maine Child Care System and flexibility within the language of the Block Grant to allow Maine policy to continue as it currently exists.
- 2) Increasing CCDF funding enough to allow Maine to make a significant impact on the number of families able to receive a child care subsidy.
- 3) Funding for the TANF Block Grant at current or increased levels.
- 4) Establishing TANF work requirements that ensure there are sufficient resources within the system to support the children of these families.
- 5) Increasing funding in the Child Care Block Grant Quality Set Aside to both sustain Maine's ongoing quality and training initiatives and to increase the number of providers able to access these initiatives.
- 6) Establishing funding from the Child Care Block Grant specifically to allow enhanced rates for child care programs of quality.
- 7) Funding a specific "Resource Development Set Aside" to support and increase the work done by the Resource Development Centers.
- 8) Increasing funding specifically to support inclusion projects for children with special needs requiring custodial child care (either by an increase in the quality set-aside funding or a specific set-aside for children with special needs).
- 9) Establishing federal requirements and funding to support adequate research on a state-by-state basis to establish a clear understanding of the issues of need, availability and effectiveness of child care services. In the development of this document, it became clear that there is simply too little objective information available concerning too many aspects of the publicly-funded child care system.

# Appendix: A

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## 2001 Income Eligibility and Fee Schedule for Subsidized Child Care in Maine

### Client Income Eligibility Criteria (From Maine Purchase of Service Manual)

Individuals eligible for service under the contract and subsidized by the Department Funds must comply with income eligibility specific to each funding source as follows:

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<b>Eligible Without Regards to Income</b>	PX09, PX99, CX09 <sup>56</sup> and Tribal referrals are eligible without regards to income.	All families must meet income guidelines. The DHS Caseworker may waive eligibility for PX09, PX99 and CX09 clients.
<b>Income Eligibility</b>	With the exception of PX09, PX99 and CX09 referrals, gross family income will not exceed 85% of the State's Median Income. Ongoing recipients who become unemployed are eligible to continue services for job search purposes. Job search is limited to 4 weeks at no more than 20 hours per week.	Gross Family Income shall not exceed 85% of the State's median income. The DHS Caseworker may waive eligibility for PX09, PX99 and CX09 clients
<b>Fee Assessment</b>	With the exception of CX09 referred families, fees are assessed to all families. Fee waivers/reductions must comply with policy set forth in Purchase of Service Policy Manual.	Fees are assessed to all families. In extreme circumstances, fee waivers/reductions may be approved for families at or below 100% of poverty. The DHS Caseworker may waive eligibility for PX09, PX99 and CX09 clients.

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<sup>56</sup> PX09 = State Code for children who are in families where the State of Maine has opened as a "child protective" case.

PX99 = State Code for children where the State of Maine has recently closed the "child protective" case, but will allow temporary continuation of state services.

CX09 = State Code for children in State Foster Care.

## Maximum Gross Income Guide – Child Care Services

@ 85% of State Median Income for Social Service Block Grant (SSBG), State Funds (SFPSS & CCSF), Child Care Development Funds (CCDBG), Temporary Assistance to Needy Families (TANF), Transfer Funds, and Special Revenue Purchased Services.

October 1, 2001 through September 30, 2002

Family Size	Annual	Monthly	Weekly
1	\$25,431.00	\$2,119.25	\$489.06
2	\$33,356.00	\$2,779.67	\$641.46
3	\$41,081.00	\$3,423.42	\$790.02
4	\$48,906.00	\$4,075.50	\$940.50
5	\$56,730.00	\$4,727.50	\$1,090.96
6	\$64,555.00	\$5,379.58	\$1,241.44
7	\$66,023.00	\$5,501.92	\$1,269.67
8	\$67,490.00	\$5,624.17	\$1,297.88
9	\$68,957.00	\$5,746.42	\$1,326.10
10	\$70,424.00	\$5,868.67	\$1,354.31

## Client Income Eligibility Criteria

Clients eligible for service under the contract and subsidized by the Department funds must comply with the following assessment criteria:

### FEE ASSESMENT CRITERIA

October 1, 2000 through September 30, 2001

Poverty Guideline Range to 85% State Median	Fee Assessment % of Gross Income	Weekly Gross Income by Family Size				
		1	2	3	4	5
Up to 25%	<b>2%</b>	\$0 to \$40	\$0 to \$54	\$0 to \$68	\$0 to \$82	\$0 to \$ 96
26% to 50%	<b>4%</b>	\$14 to \$80	\$55 to \$108	\$69 to \$136	\$83 to \$164	\$97 to \$192
51% to 75%	<b>5%</b>	\$81 to \$120	\$109 to \$162	\$137 to \$204	\$165 to \$246	\$193 to \$288
76% to 100%	<b>6%</b>	\$121 to \$161	\$163 to \$216	\$205 to \$272	\$247 to \$328	\$289 to \$384
101% to 125%	<b>8%</b>	\$162 to \$201	\$217 to \$270	\$273 to \$340	\$329 to \$410	\$385 to \$480
126% to 150%	<b>9%</b>	\$202 to \$240	\$271 to \$325	\$341 to \$408	\$411 to \$492	\$481 to \$575
151% to 200%	<b>10%</b>	\$242 to \$321	\$326 to \$433	\$409 to \$544	\$493 to \$544	\$576 to \$767
85% of Median	<b>10%</b>	\$434.00	\$567.54	\$701.08	\$834.62	\$968.16
Family Size		6	7	8	9	10
Up to 25%	<b>2%</b>	\$0 to \$110	\$0 to \$124	\$0 to \$138	\$0 to \$152	\$0 to \$166
26% to 50%	<b>4%</b>	\$111 to \$220	\$125 to \$248	\$139 to \$275	\$153 to \$303	\$167 to \$331
51% to 75%	<b>5%</b>	\$221 to \$330	\$249 to \$371	\$276 to \$413	\$304 to \$455	\$332 to \$497
76% to 100%	<b>6%</b>	\$331 to \$439	\$372 to \$495	\$414 to \$551	\$456 to \$607	\$498 to \$663
101% to 125%	<b>8%</b>	\$440 to \$549	\$496 to \$619	\$552 to \$689	\$608 to \$758	\$664 to \$828
126% to 150%	<b>9%</b>	\$550 to \$659	\$620 to \$743	\$690 to \$826	\$759 to \$910	\$829 to \$994
151% to 200%	<b>10%</b>	\$660 to \$879	\$744 to \$990	\$827 to \$1,102	\$911 to \$1,176	\$994 to \$1,201
85% of Median	<b>10%</b>	\$1,101.70	\$1,126.73	\$1,151.77	\$1,176.81	\$1,201.85

# Appendix: B

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## 2002 Income Eligibility and Fee Schedule for Subsidized Child Care in Maine

### Client Income Eligibility Criteria (From Maine Purchase of Service Manual-Update)

Individuals eligible for service under the contract and subsidized by the Department Funds must comply with income eligibility specific to each funding source as follows:

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<b>Eligible Without Regards to Income</b>	PX09, PX99, CX09 <sup>57</sup> and Tribal referrals are eligible without regards to income.	All families must meet income guidelines. The DHS Caseworker may waive eligibility for PX09, PX99 and CX09 clients.
<b>Income Eligibility</b>	With the exception of PX09, PX99 and CX09 referrals, gross family income will not exceed 85% of the State's Median Income. Ongoing recipients who become unemployed are eligible to continue services for job search purposes. Job search is limited to 4 weeks at no more than 20 hours per week.	Gross Family Income shall not exceed 85% of the State's median income. The DHS Caseworker may waive eligibility for PX09, PX99 and CX09 clients.
<b>Fee Assessment</b>	With the exception of CX09 referred families, fees are assessed to all families. Fee waivers/reductions must comply with policy set forth in Purchase of Service Policy Manual.	Fees are assessed to all families. In extreme circumstances, fee waivers/reductions may be approved for families at or below 100% of poverty. The DHS Caseworker may waive eligibility for PX09, PX99 and CX09 clients.

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<sup>57</sup> PX09 = State Code for children who are in families where the State of Maine has opened as a "child protective" case.

PX99 = State Code for children where the State of Maine has recently closed the "child protective" case, but will allow temporary continuation of state services.

CX09 = State Code for children in State Foster Care.

## Maximum Gross Income Guide – Child Care Services

@ 85% of State Median Income for Social Service Block Grant (SSBG), State Funds (SFPSS & CCSF), Child Care Development Funds (CCDBG), Temporary Assistance to Needy Families (TANF), Transfer Funds, and Special Revenue Purchased Services.

October 1, 2000 through September 30, 2001

Family Size	Annual	Monthly	Weekly (Annual/52)
1	\$22,568.00	\$1,880.67	\$434.00
2	\$29,512.08	\$2,459.34	\$567.54
3	\$36,456.16	\$3,038.01	\$701.08
4	\$43,400.24	\$3,616.69	\$834.62
5	\$50,344.32	\$4,195.36	\$968.16
6	\$57,288.40	\$4,774.03	\$1,101.70
7	\$58,589.96	\$4,882.50	\$1,126.73
8	\$59,892.04	\$4,991.00	\$1,151.77
9	\$61,194.12	\$5,099.51	\$1,176.81
10	\$62,496.20	\$5,208.02	\$1,201.85

## Client Income Eligibility Criteria

Clients eligible for service under the contract and subsidized by the Department funds must comply with the following assessment criteria:

### FEE ASSESMENT CRITERIA

October 1, 2000 through September 30, 2001

Poverty Guideline Range to 85% State Median	Fee Assessment % of Gross Income	Weekly Gross Income by Family Size				
		1	2	3	4	5
Up to 25%	2%	\$0 to \$41	\$0 to \$56	\$0 to \$70	\$0 to \$85	\$0 to \$99
26% to 50%	4%	\$42 to \$83	\$57 to \$112	\$71 to \$141	\$86 to \$170	\$100 to \$199
51% to 75%	5%	\$84 to \$124	\$113 to \$167	\$142 to \$211	\$171 to \$255	\$200 to \$298
76% to 100%	6%	\$125 to \$165	\$168 to \$223	\$212 to \$281	\$256 to \$339	\$299 to \$398
101% to 125%	8%	\$166 to \$206	\$224 to \$279	\$282 to \$352	\$340 to \$424	\$399 to \$497
126% to 150%	9%	\$207 to \$248	\$280 to \$335	\$353 to \$422	\$425 to \$509	\$498 to \$596
151% to 200%	10%	\$249 to \$330	\$336 to \$447	\$423 to \$563	\$510 to \$679	\$597 to \$795
85% of Median	10%	\$489.06	\$639.53	\$790.01	\$940.49	\$1,090.97

Poverty Guideline Range to 85% State Median	Fee Assessment % of Gross Income	Weekly Gross Income by Family Size				
		6	7	8	9	10
Up to 25%	2%	\$0 to \$114	\$0 to \$128	\$0 to \$143	\$0 to \$157	\$0 to \$172
26% to 50%	4%	\$115 to \$228	\$129 to \$257	\$144 to \$286	\$158 to \$315	\$173 to \$344
51% to 75%	5%	\$229 to \$342	\$258 to \$385	\$287 to \$429	\$316 to \$472	\$345 to \$516
76% to 100%	6%	\$343 to \$456	\$386 to \$514	\$430 to \$572	\$473 to \$630	\$517 to \$688
101% to 125%	8%	\$457 to \$569	\$515 to \$642	\$573 to \$715	\$631 to \$787	\$689 to \$860
126% to 150%	9%	\$570 to \$683	\$643 to \$770	\$716 to \$858	\$788 to \$945	\$861 to \$1,032
151% to 200%	10%	\$684 to \$911	\$771 to \$1,027	\$859 to \$1,143	\$946 to \$1,260	\$1,033 to \$1,354
85% of Median	10%	\$1,241.45	\$1,269.66	\$1,297.88	\$1,326.09	\$1,354.31

All individuals eligible for services based on the above Maximum Gross Income Guidelines, whose family incomes are between 0% and 85% of the State's Median Income Guidelines, shall be assessed a fee equal to the Fee Assessment Percentage of the weekly gross family income indicated above for each Poverty Guideline Range for Full-Time (Child) Care (30+ hours of care per week) or the approved contract unit cost, whichever is less. Part-Time (Child) Care (20 to 30 hours per week) shall be assessed at 75% of the full-time fee and part time (less than 20 hours per week) fees shall be assessed at 50% of the full-time fee. Weekly fee assessments may be rounded of the nearest half dollar.

For families with more than one child in care, whether enrolled by the Contractor or another Department Funded child care provider; or a child care provider not funded by the Department, the assessed fee shall be reduced by 50% for the second child enrolled; the assessed fee shall be reduced by 75% for the third child enrolled and there shall be no fee assessed for the fourth child enrolled. The total amount of assessed fees to a family shall not exceed 10% of the family's gross income for all their children. For families who have other children enrolled in other child care programs, proof of payment shall be required.

# Appendix: C

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## Terms, conditions and definitions of the Federal Child Care Development Block Grant

### DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS) ADMINISTRATION FOR CHILDREN AND FAMILIES (ACF) CHILD CARE AND DEVELOPMENT FUND (STATES)

#### TERMS AND CONDITIONS FY 2001

The Child Care and Development Fund includes funds made available under the Child Care and Development Block Grant Act of 1990, and section 418 of the Social Security Act, as amended by Title VI of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), P.L. 104-193.

The Child Care and Development Fund (CCDF) consists of Mandatory, Matching and Discretionary Funds. States must use these Federal funds in accordance with their approved Plan and the requirements of the applicable Acts and regulations.

This award is subject to the following terms and conditions:

#### 1. **Mandatory Fund**

Fiscal Year (FY) 2001 funds are available until expended unless the State has received and expended Matching funds for the same FY. In that case, funds must be obligated by September 30, 2001. Mandatory Funds are 100% Federal funds and no State match is required to use these funds.

#### **Matching Fund**

Fiscal Year 2001 Matching Funds are available provided that the State: (1) obligates all of its Mandatory Funds by the end of the Federal fiscal year; and, (2) within the same fiscal year, expends State funds in an amount that equals the State Maintenance of Effort (MOE) threshold for allowable child care activities. Matching funds must be matched by State expenditures that are in excess of the amount required to satisfy the MOE requirement. The applicable matching rate is the 2001 Federal Medical Assistance Percentage (FMAP) rate.

Matching Funds must be obligated by September 30, 2001. Matching Funds not obligated by September 30, 2001 will be reallocated to other States. Matching fund obligations must be liquidated by September 30, 2002.

The State must expend State funds to meet MOE requirements. The State MOE amount will be monitored on the financial status report, the ACF-696. Matching Child Care funds will be disallowed if the State MOE is not met by the end of

FY 2001 and/or all Mandatory Funds are not obligated by the end of FY 2001.

#### **Discretionary Fund**

Discretionary Funds must be obligated by September 30, 2002. States must liquidate obligations by September 30, 2003. Discretionary Funds are 100% Federal funds and no State match is required.

In the FY 2001 Consolidated Appropriations Act, Congress increased the Discretionary Fund by \$817,328,000 for FY 2001. The Appropriation language directs that the funds be used to supple-

ment, not supplant State general revenue funds for child care assistance for low-income families. Additionally, the Conference Report to the Act specifies that funds under the Child Care and Development Block Grant are to be used to supplement, not supplant, State and local child care funds.

## **Earmarks associated with the Discretionary Fund**

The FY 2001 Consolidated Appropriations Act *earmarked* specific amounts for these activities:

- Quality Expansion
  - Infant and Toddler Quality Improvement
  - Child Care Resource and Referral and School Aged Child Care Activities
1. The amount of these earmarks is included as part of the Discretionary Fund in calculating the “not less than 4% quality expenditure requirement” of the CCDBG Act. However, earmarked funds do not count toward meeting the 4% quality expenditure requirement.
  2. Not less than 4% of the total of all Federal funds and the amount of State matching funds must be expended on quality activities. This includes funds transferred from Temporary Assistance for Needy Families (TANF) into CCDF.
  3. States must submit an original quarterly financial status report (ACF-696) of expenditures and next quarter estimates, within 30 days after the end of each quarter. A separate quarterly expenditure report is required for each fiscal year until all funds have been liquidated for the reported fiscal year. Reports should be mailed to:

U.S. Dept. of Health and Human Services  
Administration on Children, Youth and Families  
Office of Management Services  
Room 1427, Switzer Building  
330 'C' Street, S.W.  
Washington, D.C. 20201

- Please note that fiscal years run simultaneously and each report should cover only a single year's funds.
4. Failure to submit reports (i.e., financial, progress, or other required reports) on time may be the basis for withholding financial payments, and/or suspending or terminating a grant.
  5. These grant funds may not be used to meet the matching requirements of other Federal grant programs.
  6. A negative award will recoup unobligated and/or unliquidated funds reported on the final financial status report (ACF-696).
  7. The expenditure of funds under this program is subject to the annual audit requirements under the Single Audit Act of 1984 (P.L. 98-502) and the Office of Management and Budget Circular A-133.
  8. The State agrees to comply with the DHHS regulation at 45 CFR 76 relating to Government Debarment and Suspension and Government-wide Requirements for Drug-Free workplace.
  9. The following DHHS regulations codified in Title 45 of the Code of Federal Regulations are applicable:

Part 98—Child Care and Development Block Grant

Part 99—Procedure for Hearings for the Child Care and Development Block Grant

10. States must comply with Public Law 103-227, Part C—Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994. This Act requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted by an entity and used routinely or regularly for the provision of health, child care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State and local governments. Federal programs include grants, cooperative agreements, loans or loan guarantees, and contracts. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug and alcohol treatment.

The State further agrees that the above language will be included in any subawards which contain provisions for children's services and that all subgrantees shall certify compliance accordingly. Failure to comply with the provisions of this law may result in the imposition of a civil monetary penalty of up to \$1,000 per day.

11. As stated in Section 507 of Public 103-333, it is the sense of Congress that, to the extent practicable, all equipment and products purchased with funds made available in this Act should be American made.
12. As stated in Section 508 of Public 103-333, statements, press releases, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with Federal money shall clearly state (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) the percentage and the dollar amount of the total costs of the project or program that will be financed by non government sources. The requirement applies to all grantees of Federal funds, including but not limited to, State and local governments and recipients of Federal research grants.
13. *Draw downs of funds from the Payment Management System*  
In accordance with P.L. 101-510, grant funds must be drawn down within 5 years from the year in which the funds were awarded, i.e., FY 2001 must be drawn down no later than September 30, 2006. Requests for adjustments/revisions to the Payment Management account after that date will not be honored.

The U.S. General Accounting Office maintains a toll free telephone number, (800) 424-5454, for receiving information concerning fraud, waste or abuse under grants and cooperative agreements. Such reports are kept confidential, and callers may decline to give their names if they choose to remain anonymous.





