



Child Care Report: Cost of Living and Monthly Utilization

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Pursuant to the District of Columbia Official Code Section 4-409(e), the Office of the State Superintendent of Education (OSSE) is pleased to provide:

- (1) The impact the cost of living has had on the provision of child care services in the District during the preceding 12 months; and
- (2) The monthly utilization during that same period in each category of child care paid for by the District.

I. Impact of the Cost of Living on Child Care Services in the District

The Child Care and Development Fund (CCDF), as authorized by the Child Care and Development Block Grant Act, is the primary federal funding source devoted to paying for child care for low-income families who work or participate in job training or education. CCDF also provides funding to improve the quality of child care for all children. OSSE is the lead agency for CCDF in the District and is responsible for setting the District's child care provider payment rates every two years. Prior to November 2014, the CCDF required states to use a market rate survey to determine its payment rates. The market rate survey captured the variations in the market rate for child care services across the District rather than capturing the actual costs of providing care. Thereafter, the District was required to use the findings from the market rate survey to set its payment rates as close to the 75th percentile of the market rate to ensure families had access to 75 percent of the child care market in the District of Columbia.

In the Child Care and Development Block Grant Act Reauthorization of 2014, Congress allowed states and the District to use a cost estimation methodology as an alternative to the market rate survey to determine provider payment rates. OSSE selected to use an alternative model and has received approval to do so from Region III's Office of Child Care and DC's State Early Childhood Development Coordinating Council (SECDCC). Unlike the market rate survey, the alternative cost model will take into consideration the key cost drivers in child care: teacher child ratios, group size, and staff compensation and benefits. In addition, the alternative model will also consider the key revenue drivers for child care centers: family tuition and fees, third-party funding (subsidy, Head Start, pre-Kindergarten), full collection of tuition, and enrollment efficiency. The data collected through the alternative model will inform OSSE's tiered reimbursement structure for the child care subsidy program and provide data on the cost of providing high-quality care and how that impacts the child care industry. OSSE's report on the alternative cost model for child care will be completed in September 2015. OSSE will share this model publicly within 30 days of completion.

II. The Monthly Utilization of Child Care Vouchers

Between May 2014 and May 2015, a total of 12,351 child care vouchers¹ were issued to District residents who met eligibility requirements in at least one of the eligibility categories. There are 14

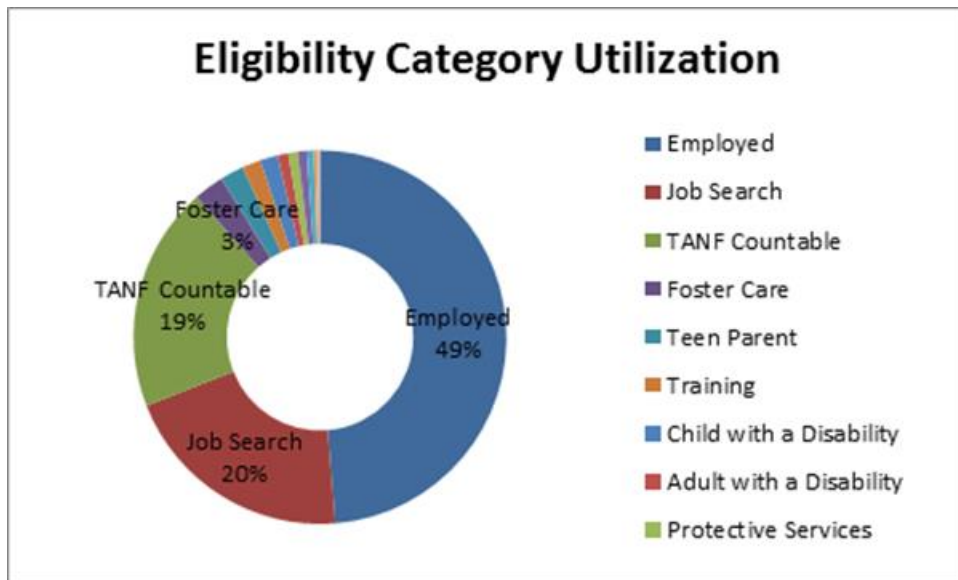
¹ OSSE issued 12,351 childcare vouchers between May 2014 and May 2015. As seen in Appendix 1, approximately 7,500 children were enrolled using these vouchers on a monthly basis. This may appear as a discrepancy, however, this population is very highly mobile and transient, babies are born throughout the year and children age out of the child care sector.

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overall eligibility categories that are then further categorized by TANF or Non-TANF, therefore providing a total of 22 eligibility categories.² The 14 overall eligibility categories are:

- (1) Court
- (2) Temporary Assistance For Needy Families (TANF) Countable Act³
- (3) Adult With Disability
- (4) Child With Disability
- (5) Employed (Working Parent)
- (6) Food Stamp
- (7) Foster Care
- (8) Higher Education
- (9) Job Search
- (10) Jobs/Arc (Don't Use)⁴
- (11) Protective Services
- (12) TANF Payee
- (13) Teen Parent
- (14) Training Non- TANF
- (15) Vocational Rehabilitation

As shown in the chart below, 90 percent of the families that received child care vouchers during this period were eligible under three categories: employed, training (TANF Countable), and job search.



² For more information on the eligibility categories, see: http://osse.dc.gov/sites/default/files/dc/sites/osse/publication/attachments/DC_Eligibility_Determination_Policies_for_Subsidized_Child_Care.pdf

³ This group of applicants are TANF recipients participating in a valid qualifying activity such as training, job search, or work experience for a minimum of 20 hours per week (i.e. training, structured job search, work experience program, employment, student in Undergraduate program such as BA/BS degree program).

⁴ This category is an old category that the District no longer uses and providers are instructed not to use.

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Appendix I provides the monthly utilization of child care vouchers by eligibility categories for the period of May 2014 through May 2015.

One of OSSE's goals is to ensure the District's youngest and most vulnerable children have access to high-quality early care and education. The alternative cost model approach will help OSSE calculate the cost of quality, based on the provider's type, and help policymakers and other critical stakeholders understand the costs associated with delivering high-quality early care and education services in the District. The data from the cost model report will support more informed decision-making in the District about strategies to achieve our goal of improving child care access and quality.

APPENDIX I

ELIGIBILITY CATEGORY	Total	5/1/14	6/1/14	7/1/14	8/1/14	9/1/14	10/1/14	11/1/14	12/1/14	1/1/15	2/1/15	3/1/15	4/1/15
COURT	37	15	19	20	24	24	24	24	27	28	28	27	30
ADULT WITH DISABILITY	113	71	79	78	77	63	58	56	61	59	64	61	65
CHILD WITH DISABILITY	193	120	128	125	128	111	111	110	104	107	106	109	119
EMPLOYED	6006	3955	4149	4073	4105	3684	3679	3747	3768	3795	3788	3859	3959
FOOD STAMP NON TANF	14	8	8	11	9	10	10	10	10	11	10	11	11
FOSTER CARE	324	185	194	197	204	189	177	192	203	210	208	216	219
HIGHER EDUCATION	102	77	75	69	67	62	55	54	56	56	54	56	55
JOB SEARCH	2510	1454	1561	1557	1558	1410	1363	1380	1442	1430	1442	1422	1457
JOBS/ARC (DON'T USE)	1	1	1	1	1	1	1	1	1	1	1	1	1
PROTECTIVE SERVICES	104	62	64	66	67	57	51	53	57	55	56	55	57
TANF COUNTABLE ACT.	2408	1432	1477	1444	1431	1320	1298	1315	1350	1336	1342	1306	1366
TANF PAYEE	78	67	70	69	66	49	43	43	43	43	42	40	42
TEEN PARENT	255	149	145	130	132	134	131	130	141	140	150	151	161
TRAINING NON-TANF	196	94	93	90	87	83	94	98	100	104	107	110	120
VOCATIONAL REHABILITATION	10	8	8	7	6	6	5	4	5	4	4	4	4
Total	12,351	7698	8071	7937	7962	7203	7100	7217	7368	7379	7402	7428	7666