

**Annual Joint Legislative Budget Committee Child Care Report  
for the Period July 1, 2016 – June 30, 2017**

Pursuant to A.R.S. § 46-810, the annual report for members of the Joint Legislative Budget Committee (JLBC) is provided. The information reflects statewide data for state fiscal year (SFY) 2017, and provides comparative information from SFY 2016. The caseload and financial data for this report were gathered from the Arizona Child Care Automated Tracking System (AzCCATS), except where otherwise noted.

**1. The monthly average number of families and children served by each of the child care programs administered by the Arizona Department of Economic Security (ADES).**

<b>Child Care Program</b> Temporary Assistance for Needy Families (TANF) Cash Assistance Related	<b>Average Number of Families Served Monthly during SFY 2017</b>	<b>Average Number of Families Served Monthly During SFY 2016</b>	<b>Percent Change in Average Number of Families Served</b>	<b>Average Number of Children Served Monthly During SFY 2017</b>	<b>Average Number of Children Served Monthly During SFY2016</b>	<b>Percent Change In Average Monthly Served Children Served</b>
Employed Child Care	402	346	16.2%	744	654	13.8%
Jobs Child Care	650	792	-17.9%	1,229	1,472	-16.5%
Transitional Child Care (TCC)	1,933	1,566	23.4%	3,759	3,053	23.1%
TCC Extension	602	918	-34.4%	1,232	1,865	-33.9%
Low Income Working	5,961	6,563	-9.2%	11,762	12,590	-6.6%
Special Circumstances	351	274	28.1%	612	463	32.2%
Dept. of Child Safety	5,570	5,855	-4.9%	9,316	9,903	-5.9%
<b>Totals</b>	<b>15,469</b>	<b>16,314</b>	<b>-5.2%</b>	<b>28,654</b>	<b>30,000</b>	<b>-4.5%</b>

**2. The total number of dollars spent on child care for each of the child care programs administered by ADES.**

<b>Child Care Program</b> TANF Cash Assistance Related	<b>Expenditures SFY 2017</b>	<b>Expenditures SFY 2016</b>	<b>Expenditures Percent Change</b>
Employed Child Care	\$3,135.9	\$2,563.6	22.4%
Jobs Child Care	\$5,020.4	\$5,919.4	-15.2%
Transitional Child Care	\$16,357.3	\$12,207.6	34.0%
Transitional Child Care Extension	\$5,327.9	\$7,760.3	-31.3%
Low Income Working	\$51,323.8	\$51,246.9	0.2%
Special Circumstances	\$2,569.0	\$1,531.0	67.8%
Dept. of Child Safety	\$45,704.8	\$48,166.8	-5.1%
<b>Totals</b>	<b>\$129,439.1</b>	<b>\$129,394.6</b>	<b>0.0%</b>

3. **The number of recipients eligible for Transitional Medical Assistance (TMA) and child care benefits.**

	SFY 2017	SFY 2016	Percent Change
Transitional Medical Assistance Eligible	68,178	47,247	44.30%
Transitional Child Care Eligible	5,253	5,726	-8.26%

Transitional Medical Assistance data are from the Family Assistance Administration.

4. **The number of recipients who accept TMA and child care benefits specifying how many recipients have received these services for less than 12 months and those who have received these services for more than 12 months.**

	SFY 2017	SFY 2016	Percent Change
Received Transitional Medical Assistance < 12 months	68,178	47,247	44.30%
Received Transitional Medical Assistance > 12 months	Not Applicable	Not Applicable	Not Applicable
Received Transitional Child Care < 12 months	3,759	3,053	6.16%
Received Transitional Child Care > 12 months	1,232	1,865	3.10%

TMA has not been available after 12 months since SFY 2003.

5. **The number of applicants waiting for services under the state child care subsidy and federal child care programs for working families.**

	SFY 2017	SFY 2016	Percent Change
Number of applicants waiting for service at the beginning of SFY	3,565	496	618.75%

Families on the priority waiting list are released based on their current priority level (based on current gross monthly income) and the date of application. Priority on the waiting list starts with those families at or below 100 percent of the Federal Poverty Level (FPL) and continues with each successive 10 percent increase in the FPL up to the maximum allowable FPL of 165 percent. Priority is given based on income regardless of time spent on the waiting list. ADES assesses the availability of funding and the number of children who no longer receive child care services to determine the number of children and families that will be released. The waiting list releases are anticipated to be conducted monthly.

6. **Co-payment levels for each of the child care programs administered by DES.**

Both federal Child Care and Development Fund (CCDF) regulations and Arizona Revised Statutes (A.R.S.) require that ADES develop a sliding fee scale, which maintains child care cost-sharing between the state and families. Co-payments are imposed for all children in non-mandatory categories in accordance with A.R.S. § 46-803(K)(3), including low-income

working, teen parent in high school, and special circumstances, but not Department of Child Safety (DCS) referred families and families receiving cash assistance.

The ADES sliding fee scale (see attachment CC-229 (9-16)), effective September 1, 2016, consists of seven fee levels. Parents are required to pay between one and five dollars per day per child. Families are also responsible for paying the full difference in cost between the child care provider's actual charges and the maximum that ADES pays. Eligibility for child care assistance continues to be set at 165 percent of the FPL; however, once the eligibility is determined, child care assistance will continue for one year as long as the income does not exceed 85 percent of State Median Income, as specified in A.R.S. § 46-803. The sliding fee scale for SFY 2017 was revised to reflect changes in federal poverty guidelines for 2016.

Child care assistance for families eligible under the block grant eligibility categories (such as low-income working, teen parent, and unable/unavailable), is limited to six children in the eligible family at any given time. Co-payments will be assigned to all eligible children who require assistance. For families receiving Transitional Child Care (TCC), no co-payment is required beyond the third child in the family, and there is no limit to the number of eligible children who may be authorized for assistance.

**7. The total number of payments to relatives for child care and the number of children served.**

<b>Child Care Program</b> TANF Cash Assistance Related	<b>Co-Payments Collected SFY 2017</b>	<b>Co-Payments Collected SFY 2016</b>	<b>Co-Payments Collected Percent Change</b>
Employed Child Care	\$-	\$-	
Jobs Child Care	\$-	\$-	
Transitional Child Care	\$1,145,000	\$1,075,700	6.4%
Transitional Child Care Extension	\$478,700	\$796,000	-39.9%
Low Income Working	\$4,642,200	\$5,627,900	-17.5%
Special Circumstances	\$135,700	\$103,500	31.1%
Dept. of Child Safety	\$-	\$-	-
<b>Totals</b>	<b>\$6,401,400</b>	<b>\$7,603,100</b>	<b>-15.8%</b>

Regardless of any required co-payments, all families must pay any difference in cost between the maximum that ADES pays and the amount the child care provider actually charges.

**8. The total number of payments to relatives for child care and the number of children served.**

	<b>SFY 2017</b>	<b>SFY 2016</b>	<b>Percent Change</b>
Total number of payments to relatives for child care	\$2,946,430	\$2,871,985	2.59%
Number of children served	2,323	2,438	-4.72%

9. **Any changes in payment rate schedules and maximum provider rates from the previous fiscal year, and the reason for those changes.**

Maximum reimbursement rates for SFY 2017 were the same as the rates for SFY 2016, which reflected the 75<sup>th</sup> percentile of the 2000 market rate survey (see attachment CCA-1227AFORNA (2-17)). In order for ADES to comply with the Child Care and Development Block Grant (CCDBG) recommendation to set provider rates at a current market rate, ADES would, on average, need to increase rates by 44 percent. In FY2016 ADES requested and was granted a waiver to extend the due date from September 30, 2017 to September 30, 2018 to certify that payment rates are sufficient to ensure equal access based on current market rate survey.

10. **The number of families providing child care as a work activity in order to meet the Federal Work Participation Rates established pursuant to Public Law 104-193.**

Public Law 104-193, as modified by Public Law 109-171, identifies 12 activities as allowable work activities for individuals receiving TANF Cash Assistance. This list includes “the provision of child care services to an individual who is participating in a community service program.” A.R.S. § 46-101.24 does *not* include the preceding as a countable work activity. ADES does not promote or track the provision of unpaid child care services by TANF Cash Assistance recipients for the children of other Cash Assistance recipients for the purpose of meeting the work participation rate.

The rationale for not using this unpaid child care activity is described below:

- a. Encouraging the use of untrained and uncompensated Cash Assistance recipients as child care providers could jeopardize the safety of children and could place ADES in a position of liability for any resultant harm or injury.
- b. In accordance with CCDF regulations, Arizona utilizes a parental choice model within the Child Care Assistance Program. Requiring Cash Assistance recipients to utilize other Cash Assistance recipients in the provision of child care services would be inconsistent with the parental choice requirement, which requires that the parent be allowed to select among different provider types.
- c. Developing and managing a process to track the hours of unpaid child care activities would be administratively burdensome at best. It is doubtful that the benefits of this proposition would outweigh the costs since the activity would not lead to gainful employment and would not assist the Cash Assistance recipient in becoming self-sufficient.