



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Janice K. Brewer
Governor

Clarence H. Carter
Director

SEP 18 2014

Mr. John Arnold
Director, Governor's Office of Strategic Planning and Budgeting
1700 West Washington
Phoenix, Arizona 85007

Dear Director Arnold:

The Arizona Department of Economic Security is submitting the Child Care Report as required by A.R.S. § 46-810.

If you have any questions, please contact James J. Apperson, Assistant Director, Division of Employment and Rehabilitation Services, at (602) 542-4910 or me, at (602) 542-5757.

Sincerely,

Clarence H. Carter
Director

Enclosure

cc: Members of the Joint Legislative Budget Committee
Richard Stavneak, Director, Joint Legislative Budget Committee

**ANNUAL JLBC CHILD CARE REPORT
FOR THE PERIOD JULY 1, 2013 – JUNE 30, 2014**

Pursuant to A.R.S. § 46-810, the annual report for members of the Joint Legislative Budget Committee is provided. The information reflects statewide data for state fiscal year (SFY) 2014, and provides comparative information from SFY 2013. 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 number of families served and total number of children served by each of the child care programs administered by the Department of Economic Security (Department or DES).

Child Care Program	Families Served			Children Served		
	SFY 2014	SFY 2013	Percent Change	SFY 2014	SFY 2013	Percent Change
TANF Cash Assistance Related						
Employed Child Care	342	318	7.5%	641	603	6.3%
Jobs Child Care	1,110	1,488	-25.4%	2,048	2,669	-23.3%
Transitional Child Care	1,610	1,615	-0.3%	3,080	3,082	-0.1%
Transitional Child Care Extension	1,047	1,304	-19.7%	2,077	2,633	-21.1%
Low Income Working	3,509	3,959	-11.4%	7,280	8,143	-10.6%
Special Circumstances	126	148	-14.9%	222	272	-18.4%
Department of Child Safety	4,890	4,734	3.3%	8,413	8,294	1.4%
Totals	12,634	13,566	-6.9%	23,761	25,696	-7.5%

Summary caseload data from the Arizona Child Care Automated Tracking System (AzCCATS).

2. The total number of dollars spent on child care for each of the child care programs administered by the Department of Economic Security.

Child Care Program	EXPENDITURES		
	SFY 2014	SFY 2013	Percent Change
TANF Cash Assistance Related			
Employed Child Care	\$ 2,568,977	\$ 2,325,414	10.5%
Jobs Child Care	\$ 8,169,324	\$ 10,543,380	-22.5%
Transitional Child Care	\$ 12,374,061	\$ 12,391,474	-0.1%
Transitional Child Care Extension	\$ 8,570,185	\$ 10,512,661	-18.5%
Low Income Working	\$ 28,026,783	\$ 30,729,466	-8.8%
Special Circumstances	\$ 862,002	\$ 1,074,612	-19.8%
Department of Child Safety	\$ 40,388,808	\$ 39,497,787	2.3%
Totals	\$ 100,960,140	\$ 107,074,794	-5.7%

3. The number of recipients eligible for Transitional Medical Assistance and Child Care benefits.

	SFY 2014	SFY 2013	Percent Change
Transitional Medical Assistance Eligible	38,757	45,598	-15.00%
Transitional Child Care Eligible	5,617	6,290	-10.70%

TMA data are from the Family Assistance Administration bulletin for the appropriate period.

4. The number of recipients who accept Transitional Medical Assistance 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 2014	SFY 2013	Percent Change
Received Transitional Medical Assistance < 12 months	38,757	45,598	-15.00%
Received Transitional Medical Assistance > 12 months	Not Applicable	Not Applicable	Not Applicable
Received Transitional Child Care < 12 months	3,023	3,052	-0.95%
Received Transitional Child Care > 12 months	2,026	2,538	-20.17%

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 2014	SFY 2013	Percent Change
Number of Applicants Waiting For Service At The Beginning of State Fiscal Year (SFY)	5,623	6,407	-12.24%

The number of children on the waiting list at the beginning of SFY 2014 decreased in comparison to the beginning of SFY 2013. This decrease is attributed to no releases of the waiting list during SFY 2014. The waiting list is not static. New families apply for Child Care Services and are placed on the waiting list. The Department requests that families periodically re-verify their eligibility; those who do not comply are removed from the waiting list.

6. Co-payment levels for each of the child care programs administered by the Department of Economic Security.

Both federal Child Care Development Fund (CCDF) regulations and Arizona statute require the Department to develop a sliding fee scale, which maintains child care cost-sharing between the state and families. Arizona laws 2005, Chapter 328, requires that co-payments be imposed for all children in non-mandatory categories, including low-income working, teen parent in high school, and special circumstances, but not Department of Child Safety (DCS) referred families receiving child care assistance.

The DES sliding fee scale (see Table 1), effective July 1, 2013, consists of six fee levels. Parents are required to pay between one and ten dollars per day per child regardless of the number of children in the family. Families are also responsible for paying the full difference in cost between the child care provider’s actual charges and the maximum that DES pays. Eligibility for Child Care Services continues to be set at 165 percent of the federal poverty level as specified in A.R.S. § 46-803. The sliding fee scale for SFY 2014 was revised to reflect changes in federal poverty guidelines for 2014.

Child care assistance for families eligible under the block grant eligibility categories (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, A.R.S. § 46-803.K2. 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 amount of co-payment money collected for each of the child care programs administered by the Department of Economic Security.

Child Care Program	SFY 2014	SFY 2013	Percent Change
TANF Cash Assistance Related			
Employed Child Care	\$ -	\$ -	
Jobs Child Care	\$ -	\$ -	
Transitional Child Care	\$ 1,054,068	\$ 1,046,138	0.8%
Transitional Child Care Extension	\$ 865,916	\$ 1,003,710	-13.7%
Low Income Working	\$ 3,153,119	\$ 3,634,927	-13.3%
Special Circumstances	\$ 52,655	\$ 67,857	-22.4%
Department of Child Safety	\$ -	\$ -	
Totals	\$ 5,125,758	\$ 5,752,632	-10.9%

Summary disbursement data from the Arizona Child Care Automated Tracking System (AzCCATS).

Children served which have caused the percent of children in co-pay required services to decline. Regardless of any required co-payments, all families must pay any difference in cost between the maximum that DES 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.

	SFY 2014	SFY 2013	Percent Change
Total Number Of Payments To Relatives For Child Care	\$ 2,643,242.50	\$ 3,282,636.00	-19.48%
Number Of Children Served	2,397	3,087	-22.35%

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 2014 were the same as the rates for SFY 2013, which reflect the 75th percentile of the 2000 market rate survey (see Table 2).

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 Temporary Assistance to Needy Families 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, and DES does not promote or track the provision of unpaid Child Care Services by 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 the Department in a position of liability for any resultant harm or injury.
- b) In accordance with Child Care and Development Fund 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) Cash Assistance recipients who express the interest and aptitude to pursue employment in the child care field should be encouraged to do so through the “Child Care Professional Training Program” (CCPT). DES administers this program via contracts with community-based agencies and community colleges throughout Arizona, who deliver a 60-hour child care orientation and training curriculum. Upon completion of the CCPT course, a Cash Assistance recipient will be better prepared to pursue employment with child care facilities, Head Start programs, or to become self-employed as a DES certified family child care provider. Any Cash Assistance recipients who are trained and compensated for the provision of Child Care Services would be represented in the “unsubsidized employment” category.

- d) Developing and managing a process to track the hours of unpaid child care activities would be administratively burdensome at best. It is doubtful if 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.

CHILD CARE ASSISTANCE GROSS MONTHLY INCOME ELIGIBILITY CHART AND FEE SCHEDULE

Effective July 1, 2013

FAMILY SIZE	FEE LEVEL 1 (L1) MAXIMUM INCOME EQUAL TO OR LESS THAN 85% FPL*	FEE LEVEL 2 (L2) MAXIMUM INCOME EQUAL TO OR LESS THAN 100% FPL*	FEE LEVEL 3 (L3) MAXIMUM INCOME EQUAL TO OR LESS THAN 135% FPL*	FEE LEVEL 4 (L4) MAXIMUM INCOME EQUAL TO OR LESS THAN 145% FPL*	FEE LEVEL 5 (L5) MAXIMUM INCOME EQUAL TO OR LESS THAN 155% FPL*	FEE LEVEL 6 (L6) MAXIMUM INCOME EQUAL TO OR LESS THAN 165% FPL*
1	0 – 815	816 – 958	959 – 1,294	1,295 – 1,390	1,391 – 1,485	1,486 – 1,581
2	0 – 1,100	1,101 – 1,293	1,294 – 1,746	1,747 – 1,875	1,876 – 2,005	2,006 – 2,134
3	0 – 1,384	1,385 – 1,628	1,629 – 2,198	2,199 – 2,361	2,362 – 2,524	2,525 – 2,687
4	0 – 1,669	1,670 – 1,963	1,964 – 2,651	2,652 – 2,847	2,848 – 3,043	3,044 – 3,239
5	0 – 1,954	1,955 – 2,298	2,299 – 3,103	3,104 – 3,333	3,334 – 3,562	3,563 – 3,792
6	0 – 2,239	2,240 – 2,633	2,634 – 3,555	3,556 – 3,818	3,819 – 4,082	4,083 – 4,345
7	0 – 2,523	2,524 – 2,968	2,969 – 4,007	4,008 – 4,304	4,305 – 4,601	4,602 – 4,898
8	0 – 2,808	2,809 – 3,303	3,304 – 4,460	4,461 – 4,790	4,791 – 5,120	5,121 – 5,450
9	0 – 3,093	3,094 – 3,638	3,639 – 4,912	4,913 – 5,276	5,277 – 5,639	5,640 – 6,003
10	0 – 3,378	3,379 – 3,973	3,974 – 5,364	5,365 – 5,761	5,762 – 6,159	6,160 – 6,556
11	0 – 3,662	3,663 – 4,308	4,309 – 5,816	5,817 – 6,247	6,248 – 6,678	6,679 – 6,710**
12	0 – 3,947	3,948 – 4,643	4,644 – 6,269	6,270 – 6,733	6,734 – 6,847**	

MINIMUM REQUIRED COPAYMENTS

Per child in care	full day = \$1.00 part day = \$0.50	full day = \$2.00 part day = \$1.00	full day = \$3.00 part day = \$1.50	full day = \$5.00 part day = \$2.50	full day = \$7.00 part day = \$3.50	full day = \$10.00 part day = \$5.00
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For families receiving Transitional Child Care (TCC) there is no co-pay assigned beyond the 3rd child in the family

Full day = Six or more hours; Part day = Less than 6 hours

Families receiving Child Care Assistance based on Child Protective Services/Foster Care, the Jobs Program or those who are receiving Cash Assistance (CA) and are employed, may not have an assigned fee level and may not have a minimum required co-payment. However, all families may be responsible for charges above the minimum required co-payments if a provider’s rates exceed allowable state reimbursement maximums and/or the provider has other additional charges.

* Federal Poverty Level (FPL) = US DHHS 2013 poverty guidelines. The Arizona state statutory limit for child care assistance is 165 percent of the Federal Poverty Level.

** Federal Child Care & Development Fund (CCDF) statutory limit is 85 percent of the State median income (SMI).

Equal Opportunity Employer/Program • Under Titles VI and VII of the Civil Rights Act of 1964 (Title VI & VII), and the Americans with Disabilities Act of 1990 (ADA), Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and Title II of the Genetic Information Nondiscrimination Act (GINA) of 2008; the Department prohibits discrimination in admissions, programs, services, activities, or employment based on race, color, religion, sex, national origin, age, disability, genetics and retaliation. The Department must make a reasonable accommodation to allow a person with a disability to take part in a program, service or activity. For example, this means if necessary, the Department must provide sign language interpreters for people who are deaf, a wheelchair accessible location, or enlarged print materials. It also means that the Department will take any other reasonable action that allows you to take part in and understand a program or activity, including making reasonable changes to an activity. If you believe that you will not be able to understand or take part in a program or activity because of your disability, please let us know of your disability needs in advance if at all possible. To request this document in alternative format or for further information about this policy, contact (602) 542-4248; TTY/TDD Services: 7-1-1. • Free language translations for DES services are available upon request. • Español al reverso.

TABLA DE INGRESOS MENSUALES PARA ELEGIBILIDAD Y LAS TARIFAS DE PAGO POR CUIDADO DE NIÑOS

Entra en vigor a partir del 1 de julio 2013

Tamaño de la familia	NIVEL DE TARIFA 1 (L1) INGRESO MÁXIMO IGUAL O MENOR QUE 85% FPL*	NIVEL DE TARIFA 2 (L2) INGRESO MÁXIMO IGUAL O MENOR QUE 100% FPL*	NIVEL DE TARIFA 3 (L3) INGRESO MÁXIMO IGUAL O MENOR QUE 135% FPL*	NIVEL DE TARIFA 4 (L4) INGRESO MÁXIMO IGUAL O MENOR QUE 145% FPL*	NIVEL DE TARIFA 5 (L5) INGRESO MÁXIMO IGUAL O MENOR QUE 155% FPL*	NIVEL DE TARIFA 6 (L6) INGRESO MÁXIMO IGUAL O MENOR QUE 165% FPL*
1	0 – 815	816 – 958	959 – 1,294	1,295 – 1,390	1,391 – 1,485	1,486 – 1,581
2	0 – 1,100	1,101 – 1,293	1,294 – 1,746	1,747 – 1,875	1,876 – 2,005	2,006 – 2,134
3	0 – 1,384	1,385 – 1,628	1,629 – 2,198	2,199 – 2,361	2,362 – 2,524	2,525 – 2,687
4	0 – 1,669	1,670 – 1,963	1,964 – 2,651	2,652 – 2,847	2,848 – 3,043	3,044 – 3,239
5	0 – 1,954	1,955 – 2,298	2,299 – 3,103	3,104 – 3,333	3,334 – 3,562	3,563 – 3,792
6	0 – 2,239	2,240 – 2,633	2,634 – 3,555	3,556 – 3,818	3,819 – 4,082	4,083 – 4,345
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9	0 – 3,093	3,094 – 3,638	3,639 – 4,912	4,913 – 5,276	5,277 – 5,639	5,640 – 6,003
10	0 – 3,378	3,379 – 3,973	3,974 – 5,364	5,365 – 5,761	5,762 – 6,159	6,160 – 6,556
11	0 – 3,662	3,663 – 4,308	4,309 – 5,816	5,817 – 6,247	6,248 – 6,678	6,679 – 6,710**
12	0 – 3,947	3,948 – 4,643	4,644 – 6,269	6,270 – 6,733	6,734 – 6,847**	

COPAGOS MÍNIMOS REQUERIDOS

Por niño bajo cuidado	día completo = \$1.00 día parcial = \$0.50	día completo = \$2.00 día parcial = \$1.00	día completo = \$3.00 día parcial = \$1.50	día completo = \$5.00 día parcial = \$2.50	día completo = \$7.00 día parcial = \$3.50	día completo = \$10.00 día parcial = \$5.00
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Para las familias que reciben Cuidado de los niños transición (TCC) no hay un copago asignado después del 3^{er} niño en la familia

Día completo = 6 o más horas; día parcial = menos de 6 horas

Familias recibiendo Asistencia para el Cuidado de Niños a base de su participación con Servicios Protectores de Menores y Crianza Temporal, el Programa Jobs o que reciben Asistencia Efectivo (CA) y que trabajan, tal vez no tengan un nivel de tarifa asignado ni copago mínimo requerido. Sin embargo, todas las familias pueden ser responsables por pagar los cargos que excedan a los copagos mínimos requeridos si las tarifas de sus proveedores exceden a las cantidades máximas permisibles en reembolsos estatales y/o los proveedores cobran otros cargos adicionales.

* Índice de Pobreza Federal (FPL) = guías de pobreza del US DHHS para 2013. El límite estatutario estatal de Arizona para asistencia con cuidado de niños es 165% del índice de pobreza federal.

** El límite legal del Fondo Federal para Cuidado de Niños y desarrollo infantil (CCDF por sus siglas en inglés) es 85% del ingreso promedio del Estado (SMI por sus siglas en inglés). Programa y Empleador con Igualdad de Oportunidades • Bajo los Títulos VI y VII de la Ley de los Derechos Civiles de 1964 (Títulos VI y VII) y la Ley de Estadounidenses con Discapacidades de 1990 (ADA por sus siglas en inglés), Sección 504 de la Ley de Rehabilitación de 1973, Ley contra la Discriminación por Edad de 1975 y el Título II de la Ley contra la Discriminación por Información Genética (GINA por sus siglas en inglés) de 2008; el Departamento prohíbe la discriminación en la admisión, programas, servicios, actividades o empleo basado en raza, color, religión, sexo, origen, edad, discapacidad, genética y represalias. El Departamento tiene que hacer las adaptaciones razonables para permitir que una persona con una discapacidad participe en un programa, servicio o actividad. Esto significa por ejemplo que, si es necesario, el Departamento tiene que proporcionar intérpretes de lenguaje de señas para personas sordas, un establecimiento con acceso para sillas de ruedas o material con letras grandes. También significa que el Departamento tomará cualquier otra medida razonable que le permita a usted entender y participar en un programa o en una actividad, incluso efectuar cambios razonables en la actividad. Si usted cree que su discapacidad le impedirá entender o participar en un programa o actividad, por favor infórmenos lo antes posible de lo que usted necesita para acomodar su discapacidad. Para obtener este documento en otro formato u obtener información adicional sobre esta política, llame al (602) 542-4248; Servicios de TTY/TDD: 7-1-1. • Traducción gratuita relacionada a los servicios de DES, está disponible a solicitud del cliente. • English on the reverse.

ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Division of Employment & Rehabilitation Services
Child Care Administration

MAXIMUM REIMBURSEMENT RATES FOR CHILD CARE
Based on the 75th percentile of the 2000 Child Care Market Rate Survey
(effective for services provided on or after April 1, 2009)

CENTERS

Age Group	District I	District II	District III	District IV	District V	District VI
Birth < 1 yr:						
Full day	30.20	27.00	22.40	21.00	30.00	32.00
Part day	22.40	19.80	18.40	19.00	25.00	25.00
1 yr < 3 yrs:						
Full day	26.60	25.00	20.80	19.00	28.00	20.80
Part day	20.00	18.16	18.00	18.00	15.00	17.60
3 yrs < 6 yrs:						
Full day	23.80	22.09	20.00	18.00	20.00	19.00
Part day	17.00	16.00	15.00	16.00	12.40	13.00
6 yrs < 13 yrs:						
Full day	23.40	22.00	17.00	17.00	20.00	19.00
Part day	16.00	15.00	14.00	15.00	13.33	13.00

GROUP HOMES

Age Group	District I	District II	District III	District IV	District V	District VI
Birth < 1 yr:						
Full day	24.00	22.00	23.00	20.00	19.00	21.20
Part day	16.00	16.00	23.00	14.00	12.50	18.00
1 yr < 3 yrs:						
Full day	22.00	22.00	22.00	18.00	19.00	21.25
Part day	15.00	16.00	15.00	12.00	12.00	17.00
3 yrs < 6 yrs:						
Full day	20.00	20.00	22.00	18.00	19.00	18.50
Part day	15.00	16.00	13.95	12.00	12.00	16.00
6 yrs < 13 yrs:						
Full day	18.00	20.00	17.00	18.00	19.00	18.50
Part day	14.00	15.81	13.95	12.00	12.00	17.00

CERTIFIED FAMILY HOMES & CERTIFIED IN-HOME PROVIDERS

Age Group	District I	District II	District III	District IV	District V	District VI
Birth < 1 yr:						
Full day	20.00	19.00	18.00	18.00	20.00	18.00
Part day	14.00	12.00	10.00	10.50	12.00	10.00
1 yr < 3 yrs:						
Full day	20.00	18.00	17.00	17.00	20.00	17.00
Part day	13.00	12.00	10.00	10.50	11.00	10.00
3 yrs < 6 yrs:						
Full day	18.00	18.00	16.00	17.00	18.00	16.00
Part day	12.00	12.00	10.00	10.50	10.00	10.00
6 yrs < 13 yrs:						
Full day	17.00	18.00	16.00	16.00	18.00	16.00
Part day	12.00	11.00	10.00	10.00	10.00	10.00

The actual reimbursement amount is equal to the reimbursement rate minus any DES designated co-payment. However, in no event shall the amount reimbursed exceed the lesser of the provider's actual charges or the maximum reimbursement rate minus any DES designated co-payment.

Payment Rates for Non-Certified Relative Providers (NCRPs) will be \$10.50 for Full day and \$6.00 for Part day, minus any DES designated co-payment. This rate will be paid to NCRPs statewide for care provided to children of all ages.

The maximum reimbursement rates may be increased by ten percent, for child care providers who are nationally accredited.

Full day = six or more hours per day. Part day = less than six hours per day.

DES defines six local areas based upon geographic proximity/common characteristics, as Districts. They are comprised of the following counties:

- | | |
|---|--|
| District I - Maricopa | District IV - La Paz, Mohave and Yuma |
| District II - Pima | District V - Gila and Pinal |
| District III - Apache, Coconino, Navajo and Yavapai | District VI - Cochise, Graham, Greenlee and Santa Cruz |