





**ANNUAL JLBC CHILD CARE REPORT  
SFY 2005  
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## ANNUAL JLBC CHILD CARE REPORT

As required in A.R.S. §46-810, Laws 1997, Chapter 300, Section 63, the annual report for members of the Joint Legislative Budget Committee is provided. The information reflects statewide data for State Fiscal Year 2005, and provides comparative information from State Fiscal Year 2004 (FY).

1. **The number of families served and total number of children served by each of the Child Care Programs administered by DES.**

In State Fiscal Year 2005, the total number of children served on an average monthly basis was 43,135 and the total number of families served in all programs on an average monthly basis was 23,323. (See TABLE 1). This is a 13.9% increase in terms of children and a 15.4% increase in terms of families served from FY 2004 figures.

Note: The average number “served” (paid for) was approximately 87.1% of the number authorized for service in FY 2005.

2. **The total number of dollars spent on Child Care for each of the Child Care Programs administered by DES.**

In FY 2005, the estimated<sup>1</sup> total number of subsidy dollars spent for all Child Care Programs was \$156,927,015 (See TABLE 1). This is a 14.0% increase from FY 2004 spending, which was \$137,582,362. (These figures do not include operating expenditures and quality expenditures).

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

All Transitional Medical Assistance eligible recipients are enrolled in AHCCCS. As of June 2005 there were a total of 43,073 children eligible and receiving Transitional Medical benefits.

As of July 8, 2005, there were 11,453 children eligible for Transitional Child Care (TCC). Based on FY 2005 data, on average 87.4% of the authorized Transitional Child Care children actually utilized child care assistance at any given point each month. (See question 4 for additional information).

4. **The number of recipients who accept Transitional Medical and Child Care benefits specifying how many recipients have received these services for less than twelve months and those who have received these services for more than twelve months.**

In June 2005 the number of recipients of Transitional Medical Assistance eligible for months 1-12 was 43,073 and there were no recipients for months 13-24 (See TABLE 2). This is a 1.6% increase for months 1-12 compared to FY 2004 figures reported for the June

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<sup>1</sup> Based on information from the Arizona Child Care Automated Tracking System report, a cash basis report intended for use as a management tool report only and is not intended for use as a financial report.

month. In October 2002 a federal waiver expired and as a result Transitional Medical Assistance in months 13-24 is no longer paid for that group.

As of June 2005 there were 10,124 children receiving Transitional Child Care services (6,101 for months 1-12, and 4,023 children for months 13-24). This is an 8.3% increase over FY 2004 figures. TABLE 2 shows the number utilizing service throughout the year. The total average monthly number of children receiving TCC in FY 2005 increased by approximately 11.5% over FY 2004.

**5. The number of applicants waiting for services under the State Child Care Subsidy and Federal Child Care Programs for working families.**

During FY 2005, the waiting list was in effect only for families with income above 100% of FPL but not exceeding 165% FPL (families with income at or below 100% of FPL never waited for service). As data became available that indicated that it would be possible to do so, all families were released from waiting list status. As indicated in the chart below, there was no waiting list from February through the remainder of the fiscal year.<sup>2</sup>

Month	Number of Children on Waiting list
8-Jul- 04	0
6-Aug- 04	0
8-Sep- 04	95
7-Oct- 04	600
5-Nov- 04	1,095
7-Dec- 04	1,554
7-Jan- 05	1,999
7-Feb- 05	0
7-Mar- 05	0
8-Apr- 05	0
9-May- 05	0
8-Jun- 05	-0 <sup>3</sup>

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<sup>2</sup> ARS §46-803 requires DES establish a waiting list for child care and prioritize child care assistance for different eligibility categories in order to manage within appropriated and available monies. It further requires DES to serve families in mandatory categories and states that for non-mandatory families, DES will serve those below 100% of the Federal Poverty Level (FPL) before families with higher incomes (up to 165% FPL).

<sup>3</sup> As of February 2005, there was no waiting list, as all families on the waiting list were notified that services were potentially available.

**6. Co-payment levels for each of the Child Care Programs administered by DES.**

DES Child Care assistance is a key component in helping families to achieve and maintain self-sufficiency. It not only supports families in their transition off of cash assistance but also is a vital service to those who, without childcare, would potentially need to apply for cash assistance. Child care must be affordable to meet a family's needs.

Both federal Child Care Development Fund (CCDF) regulations and Arizona statute require Arizona to develop a sliding fee scale, which will maintain child care cost sharing between the state and families.

The child care co-payment required of DES eligible parents must be reasonable and affordable, and enable poor and moderate income families access to good-quality child care. For families at lower income levels the percentage of family income available for child care is smaller for each incrementally lower income level, since they must spend an increasingly high percentage of family income on necessities such as rent, utilities, food and clothing.

The current DES sliding fee scale (See TABLE 3) consists of six fee levels, wherein parents are required to pay between \$1 and \$10 per day for the first child, and a lesser DES required daily co-payment for additional children in the family.

In addition, families must pay any difference in cost between the maximum that DES pays and the amount the child care provider actually charges.

**7. The amount of co-payment money collected for each of the Child Care programs administered by DES.**

In FY 2005, the total amount of DES required co-payment collected for all programs was \$13.1 million. In FY 2004, the total required co-payment collected was \$11.3 million (See TABLE 1). This represents an increase of 16.0%. The increase is attributed to the overall increase in the number of children served, and a percentage shift toward children from mandated service eligibility categories that do not require co-payments. As noted in the previous section, in addition to the required co-payments, 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.**

In FY 2005, 10,017 children received child care assistance for care received from relatives, which is a 5.2% increase in the number of children from FY 2004. The total dollars reimbursed for relative care in FY 2005 was \$10,485,719. This amount represents an 8.1% increase from FY 2004 figures.

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

Eligibility for child care services continues to be set at 165% of the federal poverty level (FPL) as specified in A.R.S. §46-803. No changes were made to the rate schedule in FY 2004 other than an adjustment to reflect the new FPL guidelines. (See TABLE 3 – “Child Care Assistance Gross Monthly Income Eligibility Chart & Fee Schedule.”)

Maximum payment rates for child care providers continue to be based on the 75<sup>th</sup> percentile of the 1998 market rate survey. (See TABLE 4 – “Maximum Reimbursement Rates For Child Care.”)

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 104-93.**

Public Law 104-193 identifies twelve activities as allowable “work activities” in reference to individuals receiving Temporary Assistance to Needy Families (TANF), including number 12, “the provision of child care services to an individual who is participating in a community service program”. This activity is distinguished from *unsubsidized employment* as an allowable work activity in the law, and refers to the provision of child care services by TANF recipients to other TANF recipients as an unpaid work activity, solely for the purpose of meeting the work participation rate. §A.R.S. 46-101.24 does *not* include this as a countable work activity, and, therefore the Department does not promote or track the provision of unpaid child care services by TANF recipients for the children of other TANF recipients for the purpose of meeting the work participation rate.

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

- 1) Encouraging the use of untrained and uncompensated TANF recipients as child care providers could place the safety of children in jeopardy, and the Department in a position of liability for any resultant harm or injury.
- 2) Arizona operates a *parental choice* model with respect to the DES Child Care Assistance program (in accordance with Child Care & Development Fund (CCDF) regulations). Requiring TANF recipients to utilize other TANF recipients (who are untrained, unregulated, and not compensated) in the provision of child care services would be inconsistent with the parental choice requirement (which requires that the parent be allowed to select between different provider types, e.g., licensed centers, certified homes, relative providers).
- 3) TANF recipients who are not trained or compensated for the provision of child care services are not increasing their potential to become gainfully employed (by providing child care services to other TANF recipients as an unpaid work activity). Further, TANF recipients who express the interest and aptitude to pursue employment in the child care field should be encouraged to pursue short term child care training through the “Child Care Professional Training Program” (CCPT); DES contracts with community-based agencies and community colleges throughout

Arizona to deliver the 60-hour child care orientation and training curriculum. Upon completion of the CCPT course, the TANF recipient will be more adequately prepared to pursue employment with child care facilities, Head Start programs, or become self-employed as a DES certified family child care provider. TANF recipients who are trained and compensated for the provision of child care services would be represented in the “unsubsidized employment” category.

- 4) Developing and managing a process to track the hours of unpaid child care activities would be administratively burdensome at best; it is doubtful whether the benefits of this proposition would outweigh the costs since the activity would not lead to gainful employment and would not assist the TANF recipient in becoming independent of TANF.



**TABLE 1**

**FAMILIES AND CHILDREN SERVED AND TOTAL PAYMENTS BY CHILD CARE PROGRAM**  
(State Fiscal Year 2005)

<b>Child Care Program</b>	<b>Families Served <sup>(1)</sup></b>	<b>Children Served <sup>(1)</sup></b>	<b>Expenditures</b>	<b>Copayment Collected</b>
<i>TANF Related</i>				
<i>Employed Child Care</i>	1,150	2,284	\$ 8,342,755	\$ -
<i>JOBS Child Care</i>	1,994	3,756	\$ 12,888,458	\$ -
<i>Transitional Child Care</i>	3,194	6,173	\$ 22,422,105	\$ 2,110,473
<i>Transitional Child Care Extension</i>	1,828	3,653	\$ 13,104,921	\$ 1,487,791
<i>Low Income Working</i>				
	11,756	21,462	\$ 75,375,439	\$ 9,381,649
<i>Special Circumstances</i>				
<i>Child Protective Services</i>	2,830	4,922	\$ 21,599,900	\$ -
<i>Others</i>	571	885	\$ 3,193,437	\$ 166,836
<b>Totals</b>	<b>23,323</b>	<b>43,135</b>	<b>\$ 156,927,015</b>	<b>\$ 13,146,749</b>

Notes:

(1) Monthly Average

**TABLE 2**

**TRANSITIONAL MEDICAL ASSISTANCE (TMA) & TRANSITIONAL CHILD CARE (TCC)  
State Fiscal Year 2005**

<b>FY 2005 Month</b>	<b>TMA 01 - 12 Months <sup>(1)</sup></b>	<b>TMA 13 - 24 Months <sup>(1,3)</sup></b>	<b>TCC 1 - 12 Months <sup>(2)</sup></b>	<b>TCC 13 - 24 Months <sup>(2)</sup></b>
July	43,134	-	6,068	3,158
August	43,780	-	6,366	3,315
September	43,788	-	6,206	3,355
October	43,799	-	6,308	3,558
November	44,979	-	6,077	3,512
December	46,043	-	6,274	3,665
January	46,583	-	5,974	3,627
February	46,070	-	6,135	3,741
March	44,389	-	6,226	3,862
April	43,595	-	6,078	3,934
May	42,960	-	6,265	4,087
June	43,073	-	6,101	4,023

Notes:

(1) TMA eligibility recipients are all enrolled in AHCCCS

(2) TCC is the number of children served (utilization estimated at 87.4% of the number eligible)

(3) In October 2002 a DHHS waiver that had been granted to Arizona expired. As a result of the expiration of this waiver, TMA was no longer available to families beyond 12 months after Cash Assistance Case closure.

ARIZONA DEPARTMENT OF ECONOMIC SECURITY

**CHILD CARE ASSISTANCE GROSS MONTHLY INCOME ELIGIBILITY CHART AND FEE SCHEDULE**

EFFECTIVE JULY 1, 2004

Priority Group 1			Priority Group 2			
Family Size ↓	FEE LEVEL 1 (L1) INCOME MAXIMUM EQUAL TO OR LESS THAN 85% FPL*	FEE LEVEL 2 (L2) INCOME MAXIMUM EQUAL TO OR LESS THAN 100% FPL*	FEE LEVEL 3 (L3) INCOME MAXIMUM EQUAL TO OR LESS THAN 135% FPL*	FEE LEVEL 4 (L4) INCOME MAXIMUM EQUAL TO OR LESS THAN 145% FPL*	FEE LEVEL 5 (L5) INCOME MAXIMUM EQUAL TO OR LESS THAN 155% FPL*	FEE LEVEL 6 (L6) INCOME MAXIMUM EQUAL TO OR LESS THAN 165% FPL*
1	0 – 660	661 – 776	777 – 1,048	1,049 – 1,126	1,127 – 1,203	1,204 – 1,281
2	0 – 885	886 – 1,041	1,042 – 1,406	1,407 – 1,510	1,511 – 1,614	1,615 – 1,718
3	0 – 1,111	1,112 – 1,306	1,307 – 1,764	1,765 – 1,894	1,895 – 2,025	2,026 – 2,155
4	0 – 1,336	1,337 – 1,571	1,572 – 2,121	2,122 – 2,278	2,279 – 2,436	2,437 – 2,593
5	0 – 1,561	1,562 – 1,836	1,837 – 2,479	2,480 – 2,663	2,664 – 2,846	2,847 – 3,030
6	0 – 1,786	1,787 – 2,101	2,102 – 2,837	2,838 – 3,047	3,048 – 3,257	3,258 – 3,467
7	0 – 2,012	2,013 – 2,366	2,367 – 3,195	3,196 – 3,431	3,432 – 3,668	3,669 – 3,904
8	0 – 2,237	2,238 – 2,631	2,632 – 3,552	3,553 – 3,815	3,816 – 4,079	4,080 – 4,342
9	0 – 2,462	2,463 – 2,896	2,897 – 3,910	3,911 – 4,200	4,201 – 4,489	4,490 – 4,779
10	0 – 2,687	2,688 – 3,161	3,162 – 4,268	4,269 – 4,584	4,585 – 4,900	4,901 – 5,216
11	0 – 2,913	2,914 – 3,426	3,427 – 4,626	4,627 – 4,968	4,969 – 5,311	5,312 – 5,653
12	0 – 3,138	3,139 – 3,691	3,692 – 4,983	4,984 – 5,352	5,353 – 5,722	5,723 – 6,042**

**MINIMUM REQUIRED CO-PAYMENTS**

1st child in care	full day = \$1.00 part day = \$.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
2nd child in care	full day = \$.50 part day = \$.25	full day = \$1.00 part day = \$.50	full day = \$1.50 part day = \$.75	full day = \$2.50 part day = \$1.25	full day = \$3.50 part day = \$1.75	full day = \$5.00 part day = \$2.50
3rd child in care	full day = \$.50 part day = \$.25	full day = \$1.00 part day = \$.50	full day = \$1.50 part day = \$.75	full day = \$2.50 part day = \$1.25	full day = \$3.50 part day = \$1.75	full day = \$5.00 part day = \$2.50

No minimum required co-pay for 4th {or more} child in care. Full day = six or more hours; part day = less than six hours.

Families receiving Child Care Assistance based upon involvement with Child Protective Services/Foster Care, the Jobs Program, the Arizona Works Program or those who are receiving Cash Assistance (CA) and who 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 2004 poverty guidelines.

\*\* This amount is equal to the Federal Child Care & Development Fund statutory limit (for eligibility for child care assistance) of 85% of the state median income.

TABLE 4

**ARIZONA DEPARTMENT OF ECONOMIC SECURITY  
DIVISION OF EMPLOYMENT & REHABILITATION SERVICES  
CHILD CARE ADMINISTRATION**

**MAXIMUM REIMBURSEMENT RATES FOR CHILD CARE  
(based on 75<sup>th</sup> percentile of 1998 Child Care Market Rate Survey)**

**CENTERS**

Age Group	District I	District II	District III	District IV	District V	District VI
<b>Birth &lt; 1 yr:</b>						
Full day	29.00	27.00	22.40	21.00	25.00	32.00
Part day	22.00	19.00	16.00	19.00	25.00	25.00
<b>1 yr &lt; 3 yrs:</b>						
Full day	25.58	24.00	20.00	18.25	25.00	20.80
Part day	19.00	18.16	15.00	16.00	15.00	17.60
<b>3 yrs &lt; 6 yrs:</b>						
Full day	23.20	22.00	18.00	17.00	20.00	17.60
Part day	16.00	16.00	13.02	15.50	12.40	12.20
<b>6 yrs &lt; 13 yrs:</b>						
Full day	22.00	22.00	16.80	17.00	20.00	19.00
Part day	15.00	15.00	12.00	15.00	13.33	13.00

**GROUP HOMES**

Age Group	District I	District II	District III	District IV	District V	District VI
<b>Birth &lt; 1 yr:</b>						
Full day	20.00	20.00	23.00	18.00	18.00	18.00
Part day	14.00	14.00	23.00	12.00	12.00	14.00
<b>1 yr &lt; 3 yrs:</b>						
Full day	20.00	20.00	22.00	17.50	18.00	18.00
Part day	14.00	15.00	13.00	12.00	11.00	14.00
<b>3 yrs &lt; 6 yrs:</b>						
Full day	20.00	20.00	22.00	16.00	18.00	16.00
Part day	13.00	15.00	13.95	12.00	10.00	14.00
<b>6 yrs &lt; 13 yrs:</b>						
Full day	17.00	20.00	16.00	16.00	18.00	16.00
Part day	12.00	13.00	13.95	11.00	10.00	14.00

**CERTIFIED FAMILY HOMES & CERTIFIED IN-HOME PROVIDERS**

Age Group	District I	District II	District III	District IV	District V	District VI
<b>Birth &lt; 1 yr:</b>						
Full day	20.00	17.00	17.00	16.00	17.00	16.00
Part day	12.00	10.00	10.00	8.50	10.00	8.00
<b>1 yr &lt; 3 yrs:</b>						
Full day	18.00	17.00	16.00	15.00	16.00	16.00
Part day	12.00	10.00	10.00	8.00	10.00	8.00
<b>3 yrs &lt; 6 yrs:</b>						
Full day	17.00	16.00	16.00	15.00	16.00	15.00
Part day	12.00	10.00	10.00	8.00	9.00	8.00
<b>6 yrs &lt; 13 yrs:</b>						
Full day	16.00	16.00	16.00	15.00	15.00	15.00
Part day	10.00	10.00	9.00	8.00	9.00	8.00

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 up to 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

46-810. [Department of economic security; child care; report](#)

The department of economic security shall provide the following data by October 1 of each year to the members of the joint legislative budget committee:

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.
2. The total number of dollars spent on child care for each of the child care programs administered by the department of economic security.
3. The number of recipients eligible for transitional medical and child care benefits.
4. The number of recipients who accept transitional medical and child care benefits specifying how many recipients have received these services for less than twelve months and those who have received these services for more than twelve months.
5. The number of applicants waiting for services under the state child care subsidy and federal child care programs for working families.
6. Copayment levels for each of the child care programs administered by the department of economic security.
7. The amount of copayment money collected for each of the child care programs administered by the department of economic security.
8. The total number of payments made to relatives for child care and the number of children served.
9. Any changes in the payment rate schedules and maximum provider rates from the previous fiscal year and the reason for those changes.
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.































