

**ANNUAL JOINT LEGISLATIVE BUDGET COMMITTEE CHILD CARE REPORT
FOR THE PERIOD JULY 1, 2015 – JUNE 30, 2016**

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) 2016, and provides comparative information from SFY 2015. 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 Arizona Department of Economic Security (AZDES).

Child Care Program	Average Monthly Served					
	FAMILIES			CHILDREN		
	Families Served			Children Served		
	SFY 2016	SFY 2015	Percent Change	SFY 2016	SFY 2015	Percent Change
Temporary Assistance for Needy Families (TANF) Cash Assistance Related						
Employed Child Care	346	305	13.4%	654	580	12.8%
Jobs Child Care	792	1,042	-24.0%	1,472	1,925	-23.5%
Transitional Child Care (TCC)	1,566	1,473	6.3%	3,053	2,853	7.0%
TCC Extension	918	977	-6.0%	1,865	1,956	-4.7%
Low Income Working	6,563	4,479	46.5%	12,590	8,989	40.1%
Special Circumstances	274	163	68.1%	463	275	68.4%
Dept. of Child Safety	5,855	5,423	8.0%	9,903	9,256	7.0%
Totals	16,314	13,862	17.7%	30,000	25,834	16.1%

Summary caseload data from AzCCATS.

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

Child Care Program	EXPENDITURES		
	SFY 2016	SFY 2015	Percent Change
TANF Cash Assistance Related			
Employed Child Care	\$ 2,562,600.00	\$ 2,287,026.10	12.0%
Jobs Child Care	\$ 5,919,400.00	\$ 7,877,999.80	-24.9%
Transitional Child Care	\$ 12,207,600.00	\$ 11,360,588.96	7.5%
Transitional Child Care Extension	\$ 7,760,300.00	\$ 7,936,097.86	-2.2%
Low Income Working	\$ 51,246,900.00	\$ 35,040,843.18	46.2%
Special Circumstances	\$ 1,531,000.00	\$ 1,080,770.10	41.7%
Dept. of Child Safety	\$ 48,166,800.00	\$ 44,761,717.66	7.6%
Totals	\$ 129,394,600.00	\$ 110,345,043.66	17.3%

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

	SFY 2016	SFY 2015	Percent Change
Transitional Medical Assistance Eligible	47,247	20,015	136.06%
Transitional Child Care Eligible	5,726	5,451	5.04%

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

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 2016	SFY 2015	Percent Change
Received Transitional Medical Assistance < 12 months	47,247	20,015	136.06%
Received Transitional Medical Assistance > 12 months	Not Applicable	Not Applicable	Not Applicable
Received Transitional Child Care < 12 months	3,541	2,913	21.56%
Received Transitional Child Care > 12 months	1,195	1,942	-38.47%

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 2016	SFY 2015	Percent Change
Number of applicants waiting for service at the beginning of SFY	496	5,623	-91.18%

The number of children on the waiting list at the beginning of the SFY decreased in SFY 2016 compared to SFY 2015. This decrease is attributed to the AZDES conducting six releases of the waiting list during SFY 2015, allowing a total of 15,594 children the opportunity to access child care. In addition to the releases of the waiting list, Priority Groups 1 and 2, which are families with income at or below 110% of the Federal Poverty Level (FPL) were opened for immediate service, and are not currently subject to the waiting list. Families with income above 110% FPL are still subject to the waiting list. The AZDES 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 AZDES.

Both federal Child Care Development Fund (CCDF) regulations and Arizona statute require the AZDES 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 AZDES sliding fee scale (see Table 1), effective October 1, 2015, consists of six fee levels. Parents are required to pay between one and 10 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 the AZDES pays. Eligibility for child care services continues to be set at 165 percent of the FPL as specified in A.R.S. § 46-803. The sliding fee scale for SFY 2016 was revised to reflect changes in federal poverty guidelines for 2016.

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 AZDES.

Child Care Program	CO-PAYMENTS COLLECTED		Percent Change
	SFY 2016	SFY 2015	
TANF Cash Assistance Related			
Employed Child Care	\$ -	\$ -	
Jobs Child Care	\$ -	\$ -	
Transitional Child Care	\$ 1,075,700	\$ 990,114	8.6%
Transitional Child Care Extension	\$ 796,000	\$ 833,941	-4.5%
Low Income Working	\$ 5,627,900	\$ 3,862,972	45.7%
Special Circumstances	\$ 103,500	\$ 59,236	74.7%
Dept. of Child Safety	\$ -	\$ -	
Totals	\$ 7,603,100	\$ 5,746,263	32.3%

The increase in co-payments collected is attributable to the overall increase in the number of children served and a shift of children from mandated service eligibility categories that do not require co-payments. Regardless of any required co-payments, all families must pay any difference in cost between the maximum that the AZDES 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 2016	SFY 2015	Percent Change
Total number of payments to relatives for child care	\$ 2,871,984.50	\$ 2,642,537.50	8.68%
Number of children served	2,438	2,532	-3.71%

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 2016 were the same as the rates for SFY 2015, which reflected the 75th percentile of the 2000 market rate survey (see Table 2). In order for the AZDES to comply with the Child Care and Development Block Grant (CCDBG) recommendation to set provider rates at a current market rate, the AZDES would on average, need to increase rates by 44 percent.

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, and the AZDES 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:

- 1) Encouraging the use of untrained and uncompensated Cash Assistance recipients as child care providers could jeopardize the safety of children, and could place the AZDES in a position of liability for any resultant harm or injury.
- 2) 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.
- 3) 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). The AZDES 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 an AZDES 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.

- 4) 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 October 1, 2015

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 – 834	835 – 981	982 – 1,325	1,326 – 1,423	1,424 – 1,521	1,522 – 1,619
2	0 – 1,129	1,130 – 1,328	1,329 – 1,793	1,794 – 1,926	1,927 – 2,059	2,060 – 2,192
3	0 – 1,424	1,425 – 1,675	1,676 – 2,262	2,263 – 2,429	2,430 – 2,597	2,598 – 2,764
4	0 – 1,718	1,719 – 2,021	2,022 – 2,729	2,730 – 2,931	2,932 – 3,133	3,134 – 3,335
5	0 – 2,013	2,014 – 2,368	2,369 – 3,197	3,198 – 3,434	3,435 – 3,671	3,672 – 3,908
6	0 – 2,308	2,309 – 2,715	2,716 – 3,666	3,667 – 3,937	3,938 – 4,209	4,210 – 4,480
7	0 – 2,602	2,603 – 3,061	3,062 – 4,133	4,134 – 4,439	4,440 – 4,745	4,746 – 5,051
8	0 – 2,897	2,898 – 3,408	3,409 – 4,601	4,602 – 4,942	4,943 – 5,283	5,284 – 5,624
9	0 – 3,192	3,193 – 3,755	3,756 – 5,070	5,071 – 5,445	5,446 – 5,821	5,822 – 6,196
10	0 – 3,486	3,487 – 4,101	4,102 – 5,537	5,538 – 5,947	5,948 – 6,357	6,358 – 6,645**
11	0 – 3,781	3,782 – 4,448	4,449 – 6,005	6,006 – 6,450	6,451 – 6,783**	
12	0 – 4,076	4,077 – 4,795	4,796 – 6,474	6,475 – 6,922**		

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 Department of Child Safety/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 2015 poverty guidelines. The Arizona state statutory limit for child care assistance is 165% of the Federal Poverty Level.

** Federal Child Care & Development Fund (CCDF) statutory limit is 85% of the Federal Fiscal Year 2016 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.

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 4/1/09)

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 II - Pima

District III - Apache, Coconino, Navajo and Yavapai

District IV - La Paz, Mohave and Yuma

District V - Gila and Pinal

District VI - Cochise, Graham, Greenlee and Santa Cruz