

**ANNUAL JLBC CHILD CARE REPORT
FOR THE PERIOD JULY 1, 2012 – JUNE 30, 2013**

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) 2013, and provides comparative information from SFY 2012. 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.

Child Care Program	Families Served			Children Served		
	SFY 2013	SFY 2012	Percent Change	SFY 2013	SFY 2012	Percent Change
<i>TANF Cash Assistance Related</i>						
<i>Employed Child Care</i>	318	440	-27.7%	603	832	-27.5%
<i>Jobs Child Care</i>	1,488	1,590	-6.4%	2,669	2,821	-5.4%
<i>Transitional Child Care</i>	1,615	1,913	-15.6%	3,082	3,731	-17.4%
<i>Transitional Child Care Extension</i>	1,304	1,320	-1.2%	2,633	2,629	0.2%
<i>Low Income Working</i>	3,959	4,873	-18.8%	8,143	9,897	-17.7%
<i>Special Circumstances</i>	148	181	-18.2%	272	333	-18.3%
<i>Child Protective Services</i>	4,734	4,308	9.9%	8,294	7,609	9.0%
Totals	13,566	14,625	-7.2%	25,696	27,852	-7.7%

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 2013	SFY 2012	Percent Change
<i>TANF Cash Assistance Related</i>			
<i>Employed Child Care</i>	\$ 2,325,414	\$ 3,235,853	-28.1%
<i>Jobs Child Care</i>	\$ 10,543,380	\$ 11,382,252	-7.4%
<i>Transitional Child Care</i>	\$ 12,391,474	\$ 14,809,054	-16.3%
<i>Transitional Child Care Extension</i>	\$ 10,512,661	\$ 10,465,865	0.4%
<i>Low Income Working</i>	\$ 30,729,466	\$ 37,543,965	-18.2%
<i>Special Circumstances</i>	\$ 1,074,612	\$ 1,311,340	-18.1%
<i>Child Protective Services</i>	\$ 39,497,787	\$ 36,838,376	7.2%
Totals	\$ 107,074,794	\$ 115,586,705	-7.4%

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

	SFY 2013	SFY 2012	Percent Change
Transitional Medical Assistance Eligible	45,598	47,001	-2.99%
Transitional Child Care Eligible	6,290	6,965	-9.69%

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 2013	SFY 2012	Percent Change
Received Transitional Medical Assistance < 12 months	45,598	47,001	-2.99%
Received Transitional Medical Assistance > 12 months	Not Applicable	Not Applicable	Not Applicable
Received Transitional Child Care < 12 months	3,052	3,603	-15.29%
Received Transitional Child Care > 12 months	2,538	2,642	-3.94%

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 2013	SFY 2012	Percent Change
Number of applicants waiting for service at the beginning of SFY	6,313	6,610	-4.49%

The number of children on the waiting list at the beginning of the SFY decreased in SFY 2013 compared to SFY 2012. This decrease is attributed to no releases of the waiting list during SFY 2013. 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 child protective services (CPS) referred families receiving child care assistance.

The DES sliding fee scale (see Table 1), effective July 1, 2012, 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 the Department 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 fiscal year 2013 was revised to reflect changes in federal poverty guidelines for 2013.

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	CO-PAYMENTS COLLECTED		
	SFY 2013	SFY 2012	Percent Change
<i>TANF Cash Assistance Related</i>			
<i>Employed Child Care</i>	\$ -	\$ -	
<i>Jobs Child Care</i>	\$ -	\$ -	
<i>Transitional Child Care</i>	\$ 1,046,138	\$ 1,226,471	-14.7%
<i>Transitional Child Care Extension</i>	\$ 1,003,710	\$ 967,670	3.7%
<i>Low Income Working</i>	\$ 3,634,927	\$ 4,673,345	-22.2%
<i>Special Circumstances</i>	\$ 67,857	\$ 85,865	-21.0%
<i>Child Protective Services</i>	\$ -	\$ -	
Totals	\$ 5,752,632	\$ 6,953,351	-17.3%

The decrease in co-payments collected is attributable to the overall decrease in the number of children served and a shift of children into 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 Department 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 2013	SFY 2012	Percent Change
Total number of payments to relatives for child care	\$ 3,282,636.00	\$ 3,755,140.00	-12.58%
Number of children served	3,087	3,684	-16.21%

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 fiscal year 2013 were the same as the rates for fiscal year 2012, 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 the Department 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:

- 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 Department in a position of liability for any resultant harm or injury.
- 2) 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.
- 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 Department 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.

- 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 July 1, 2012

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 – 792	793 – 931	932 – 1,257	1,258 – 1,350	1,351 – 1,444	1,445 – 1,537
2	0 – 1,072	1,073 – 1,261	1,262 – 1,703	1,704 – 1,829	1,830 – 1,955	1,956 – 2,081
3	0 – 1,353	1,354 – 1,591	1,592 – 2,148	2,149 – 2,307	2,308 – 2,467	2,468 – 2,626
4	0 – 1,633	1,634 – 1,921	1,922 – 2,594	2,595 – 2,786	2,787 – 2,978	2,979 – 3,170
5	0 – 1,914	1,915 – 2,251	2,252 – 3,039	3,040 – 3,264	3,265 – 3,490	3,491 – 3,715
6	0 – 2,194	2,195 – 2,581	2,582 – 3,485	3,486 – 3,743	3,744 – 4,001	4,002 – 4,259
7	0 – 2,475	2,476 – 2,911	2,912 – 3,930	3,931 – 4,221	4,222 – 4,513	4,514 – 4,804
8	0 – 2,755	2,756 – 3,241	3,242 – 4,376	4,377 – 4,700	4,701 – 5,024	5,025 – 5,348
9	0 – 3,036	3,037 – 3,571	3,572 – 4,821	4,822 – 5,178	5,179 – 5,536	5,537 – 5,893
10	0 – 3,316	3,317 – 3,901	3,902 – 5,267	5,268 – 5,657	5,658 – 6,047	6,048 – 6,437
11	0 – 3,597	3,598 – 4,231	4,232 – 5,712	5,713 – 6,135	6,136 – 6,559	6,560 – 6,909**
12	0 – 3,877	3,878 – 4,561	4,562 – 6,158	6,159 – 6,614	6,615 – 7,050**	

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 2012 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 2012 State median income (SMI).

ARE YOU ELIGIBLE FOR CHILD CARE ASSISTANCE AT FEE LEVELS L5 OR L6?

What does this mean to me?

Sometimes when families are eligible at L5 or L6, the DES required copayment per child can be equal to or greater than the DES payment rate. This means that no payment will be made for a child whose copayment is equal or greater than the DES payment rate (*because the family is responsible to pay the required copayment amount per child to the provider*).

All child care providers set their own rates, and DES pays providers up to a maximum amount. The maximum amount varies based on the provider you have chosen and the age of your child. If the DES required copayment for your child is less than the DES payment rate, DES will pay the difference. If the DES required copayment is equal to or greater than the DES payment rate, no DES payment will be made for the child.

How do I find out if this applies to me?

If you are eligible for Child Care Assistance at fee levels L5 or L6, this may apply to you. When you are selecting a provider, ask the provider how much their DES payment rate is for each full day of care, and for each part day of care. Rates vary based on the age of the child, so be sure the provider gives you their DES payment rate for your child's age.

If you will be using part days (*less than 6 hours per day*), the daily copayment amount will be lower and DES may pay a portion of the cost.

Find the DES required copayment for each of your children using the [Child Care Assistance Gross Monthly Income Eligibility Chart and Fee Schedule](#). Subtract the daily full or part day copayment amount from your provider's daily full or part day payment rate to see how much DES will pay per child per day.

Example:

If you are eligible at fee level L6, the copayment for each child in care is \$10.00 for a full day. If your provider's DES payment rate is \$10.00 for a full day for each of your children, DES will pay the following amounts for each full day of care per child:

DES payment rate:	Per Child-Full Day:	\$10.00	Part Day:	\$5.00
Copayment:		\$10.00		-\$5.00
DES payment to provider:		\$ 0.00 = No DES payment to provider		\$0.00 = No DES payment to provider

How will this affect me?

If you are eligible at fee levels L5 or L6, and if you select a provider whose DES payment rate is less than or equal to your DES required copayment amount, no payment will be made to the provider for your child.

What are my options if I select a provider where no payment can be made for my child(ren)?

You can keep your Child Care case open. Your Child Care Specialist will continue to monitor your Child Care case. If you decide to keep your case open:

- ◆ You must continue to report all changes within 2 work days;
- ◆ You must comply with the review process at least every 6 months;
- ◆ If you later decide to change to a provider where payment can be made by DES, your Specialist will authorize services;
- ◆ If the Priority Waiting List goes into effect while your case is open, you will not have to wait on the list before receiving Child Care Assistance;

You can have your case closed. If you decide to have your case closed:

- ◆ Your Child Care Specialist will ask you to sign a voluntary withdrawal form;
- ◆ If you later reapply for Child Care Assistance when the Priority Waiting List is in effect, you will have to be placed on the list before receiving services.

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