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ACCESS TO SUBSIDIZED CHILD CARE IN MONROE COUNTY, NY

Prepared for:
Monroe County Early Childhood Development Initiative

Donald E. Pryor, Ph.D.
Project Director

One South Washington Street
Suite 400
Rochester, NY 14614
Phone: (585) 325-6360
Fax: (585) 325-2612

100 State Street
Suite 330
Albany, NY 12207
Phone: (518) 432-9428
Fax: (518) 432-9489

www.cgr.org

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SUMMARY

More than 12,000 children 0-12 in Monroe County are currently in need of child care, live in working poor families below 200% of the poverty level, and are not receiving subsidized child care for which they are potentially eligible. If large numbers of those children consistently received high-quality, developmentally-appropriate care, research indicates that individual children and society would benefit in both the short- and long-term, with significant savings and avoided costs resulting from targeted investments in quality child care. Additionally, parents and employers would benefit from increased productivity and work stability.

As recently as 2001, an average of about 13,575 child care slots per month were filled by Monroe County children ages 0-12 receiving child care subsidies. Through the first four months of 2007, the monthly average of subsidized slots had declined by about 38% to 8,400. This substantial decline was fueled primarily by three factors:

- ❖ A decision by Monroe County in early 2002 to lower the income eligibility rate for access to subsidized care from 200% to 140% of the poverty level. These led to reductions ranging from 66% to 85% between 2001 and 2005 in numbers of subsidized children in various affected level-of-poverty income groups. Even subsequent decisions in late 2005 and 2006 to gradually bring the eligibility threshold back up to 165% of the poverty level have had little or no effect on reversing the decline in numbers of children receiving subsidized child care.

Much smaller proportions of those in need currently receive subsidized care than in 2001.

- ❖ A decline of about 40% in applications for subsidies following the 2002 change in eligibility levels was accompanied by almost a five-fold increase in the proportion of applications denied for various reasons—from 11% of all applications in 2001 to 50% in 2006. A number of procedural and communication-related issues have contributed to the resulting marked declines in accepted applications over the years.
- ❖ A 15% decline across the county population in the numbers of children estimated to need child care.

Of the more than 12,000 children 0-12 in need of child care and not receiving subsidized child care for which they are potentially eligible, conservative estimates are that at least 1,000 of those could receive child care subsidies if the income eligibility threshold were to be restored to its pre-2002 level, as recommended based on the results of this study.

With fewer children in need of child care, fewer subsidized kids being referred to providers, and local reimbursement levels for subsidized children having fallen well below State-established market rates, the number of child care providers in the county has declined by 17% since 2002. Despite the declines, about 22% of the remaining available capacity remains unused. At least 3,900 vacant slots are estimated to currently exist, more than enough to accommodate the additional 1,000 children expected to become eligible if the income-eligibility threshold is changed and pre-2002 proportions of need are met.

Close to half (about 45%) of those who receive subsidized child care typically receive services from “informal” providers currently subject to only minimal State standards or oversight regulations. Only about a quarter of the subsidized children are in regulated child care centers (roughly one third of which are accredited against national quality standards), and about 28% are typically served by regulated home care providers.

If child care centers and regulated family and group family providers more routinely meet the most stringent standards and monitoring requirements, and informal providers are subjected to only minimal standards and oversight, data reveal that most providers of documented quality care are simply not readily available or easily accessible from where the vast majority of subsidized children live. Conversely, informal providers are concentrated in locations where most subsidized children live, thereby creating an imbalance between city and suburban children in terms of access to regulated child care providers.

Meanwhile, in addition to these disturbing trends, child care allocations to Monroe County from the NYS Child Care Block Grant have declined in recent years—in contrast to the experience of the vast majority of other counties, large and small, throughout the state. Actual County child care expenditures have also declined in recent years, contributing to an approximate \$5 million of accumulated unspent allocations at the end of the 2007 State fiscal year this past spring.

To address these issues, the report makes a number of recommendations designed to strengthen the quality of existing child care providers; to help make parents better-educated consumers of quality services; and to strengthen and streamline the subsidized child care application process to make the process more accessible and increase the number of applications and the proportion of approved applications in the future.

But most important, the report recommends that the County use its unexpended allocation of child care funds *now* to raise reimbursement rates to providers and to increase the eligibility threshold to encourage more subsidized children to enroll in the child care system, with increasing proportions in quality child care settings. Since the circulation of the initial draft of this report in July, the County has begun to take important actions to move in these directions. The report also recommends strategic approaches for building partnerships designed to strengthen the child care system and serve more low-income children in future years. The

results of this study present an opportunity for County officials, advocates and other funders to strengthen partnerships with each other and with the State to better use existing funds, and in the process to establish a baseline for increasing future funding, to better meet the needs of both children, parents, child care providers and employers throughout the community.

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Staff Team

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I. BACKGROUND AND INTRODUCTION

The Context

As recently as 2001, an average of about 13,575 child care slots per month were filled by Monroe County children receiving child care subsidies. Through the first four months of 2007, the monthly average of subsidized slots had declined to 8,400. This substantial decline was fueled at least in part by a decision by Monroe County in early 2002 to lower the income eligibility rate for access to subsidized care from 200% to 140% of the poverty level. Even subsequent decisions in late 2005 and 2006 to gradually bring the income-eligibility threshold level back up to 165% of the poverty level (and to even higher levels in a pilot project titled Childcare Dollars) have had little or no effect on reversing the decline in numbers of children receiving subsidized child care.

This pattern of decline, combined with substantial reductions in the dollars allocated to subsidized child care throughout the county and the imminent loss of funding for several after-school programs in the city of Rochester, triggered the concerns of a coalition of child care advocates, funders and providers spearheaded by the Monroe County Early Childhood Development Initiative. The coalition—which includes the United Way of Greater Rochester, Monroe County Department of Human Services, Rochester Area Community Foundation, The Children’s Agenda, and Children’s Institute—was concerned that Monroe County’s historical commitment to, and national leadership in, creating and maintaining a high-quality system of early childhood and after-school programs was potentially being compromised. Coalition members were particularly concerned about the reduction in the numbers of child care providers at the same time as the Mayor of Rochester was calling for a community-wide focus on improving the literacy level of the city’s population, with a particular focus on children and young families.

In this context, and mindful of the national and local research documenting the strong positive relationship between the provision of high-quality child care and a variety of subsequent cost-effective outcomes among those exposed to such quality programs, the coalition sought the services of CGR (Center for Governmental Research Inc.).¹ CGR was engaged to: (1) document and determine reasons contributing to the declines in numbers of subsidized children and in the numbers of child care providers; (2) determine numbers of children in need of subsidized child care; (3) document the settings in which children receive subsidized care, and why parents make choices for particular types and locations of child care; and (4) assess the impact of various potential barriers to enrollment in subsidized care.

Purpose of the Study

The study was designed to provide comprehensive information in an objective, unbiased manner upon which proponents and advocates on all sides of child care issues could find common ground as the basis for making informed decisions about the most cost-effective provision of subsidized quality child care, especially for low-income working parents, in the future.

To that end, the study raised the following key research and policy-related questions and issues:

- ❖ What demographic changes have occurred in recent years in Monroe County's population that might have affected the trends in use of subsidized child care?
- ❖ How many children ages 0-5 and 6-12 in the city and suburbs live in families in which child care and/or after-school care is needed?
- ❖ How many of those children are likely to be in need of subsidized child care, and how many of those at various

¹ Funding for the study was contributed by Rochester Area Community Foundation, United Way, Rochester's Child, City of Rochester, The Children's Agenda, the YMCA, Halcyon Hill Foundation, and M&T Bank. In-kind services were also provided by Monroe County, Children's Institute, and the Child Care Council.

income levels actually receive such care? How have those numbers changed over the past few years as eligibility levels have changed?

- ❖ How have the numbers and types of child care providers changed in recent years, and how does the existing capacity correspond to the unmet need for subsidized care in the city and suburbs?
- ❖ Where are subsidized child care services being provided, and how do locations of services compare with locations of children needing the services? What proportions of children receive services from regulated vs. informal, unregulated providers, and how have those proportions changed over time?
- ❖ How have the numbers of children receiving subsidized child care changed, if at all, following the introduction of various events, policies and initiatives with the potential to increase or decrease the use of subsidized care?
- ❖ What have been the recent trends in the amounts of child care subsidy dollars allocated and actually spent in Monroe County on an annual basis?
- ❖ What would be the likely impact if the subsidy eligibility levels were to be raised to various percent-of-poverty levels?
- ❖ What barriers exist with the potential to deter families from pursuing enrollment for their children in subsidized child care, what impact do they have, and how can they be overcome?
- ❖ What factors do parents consider in deciding where to place their children in child care, and what if anything is done by funders, providers or policymakers to influence those decisions?
- ❖ What does existing research confirm about the relationship between quality child care and short-and longer-term outcomes for children and what are the policy implications of those findings for Monroe County?

- ❖ What initiatives are underway to strengthen the quality of child care provision in the county?

Methodology

To address the study's key research and policy questions, the following research tasks were carried out:

Demographic Analyses: Using a variety of Census data, various demographic trends affecting children and families were analyzed to help explain changes in the use of child care. Historical trends and future projections were determined to establish the upper limits for the numbers of children potentially in need of child care now and in the future.

Analysis of County Data on Use of Subsidized Care: Extensive data from the County Department of Human Services (formerly Department of Social Services) were analyzed from 2001 through early 2007 to assess trends in the numbers and characteristics of subsidized children using various types of child care. Analyses were broken out separately, where possible, for children on Family Assistance and for income-eligible children of working poor parents.

Analysis of Provider Data: Using data from the Child Care Council and the State Office of Children and Family Services, we analyzed trends since 2001 in the numbers, capacity, vacancy rates and characteristics of various types of child care service providers in the city and suburbs.

Analysis of the Application Process for Obtaining Subsidized Care, and the Outcomes of Those Applications: Trends in numbers of applications, and of the numbers of acceptances, denials and withdrawals (and reasons for denials of applications) were determined based on data obtained from the Department of Human Services. We also analyzed data from Children's Institute concerning applications for the Childcare Dollars demonstration project. Data analyses were supplemented by discussions with service providers, DHS and Children's Institute staff responsible

for screening/evaluating the applications, and parents about the application process.

Focus Groups and Interviews: CGR conducted two focus groups with parents of children in various types of child care settings and who had been involved in various aspects of the subsidy application process. We also conducted more than a dozen individual and group interviews with child care service providers and their representatives, child care advocates, Child Care Council staff, family child care satellite office administrators, DHS administrators and evaluators responsible for child care oversight and the subsidy eligibility determination process, and Children’s Institute staff responsible for project oversight and facilitated enrollment support for families applying for subsidies through the pilot Childcare Dollars program.

Review of National and Local Research on Child Care Quality/Subsequent Outcomes Correlation: We summarized the considerable body of national and local literature documenting the positive impact quality child care has on a wide variety of future outcomes for both children and working parents and the economy, and the cost-savings implications of those outcomes.

Methodological approaches and applicable definitions are addressed in more detail as appropriate in the following chapters outlining the study’s findings, implications and recommendations.

II. CHANGES IN POPULATION OF CHILDREN 0-12

A key demographic trend affecting the numbers of children in subsidized child care is the decline in the numbers of children 12 and younger in Monroe County. As discussed further in subsequent chapters, this decline is only one of a number of factors explaining the reduction in numbers of subsidized children, but it is an important one. The age groups determined by the project steering committee to be of primary concern for this study were children between birth and 5 years of age, and school-aged children between the ages of 6 and 12. As shown below in Table 1, both of those age groups have declined in population countywide between 2000 and 2005.²

**Table 1: Changes in Population of Monroe County Children 12 & Under
2000 - 2005, By Age and Geography**

Location	Ages 0-5			Ages 6-12			Total 0-12		
	2000	2005	% Change	2000	2005	% Change	2000	2005	% Change
City	20,022	16,913	-16%	26,298	18,842	-28%	46,320	35,755	-23%
Suburb	35,585	36,352	2%	51,750	46,010	-11%	87,335	82,362	-6%
Total County	55,607	53,265	-4%	78,048	64,852	-17%	133,655	118,117	-12%

Source: 2005 ACS Table B17001 with assumptions based upon 2000 Census and PUMS data:

2000 Data based upon Table PCT50 with assumptions from PUMS data.

Population Declines Since 2000

Although the numbers of children in each of these age ranges have grown substantially between 2000 and 2005 *in the nation as a whole*, the less robust Monroe County and city of Rochester trends are similar to comparable upstate counties and cities in New York. The proportionate changes over that time in Monroe County are comparable in direction and magnitude to those in Albany, Erie and Onondaga counties. The Rochester patterns are also similar to those in the cities of Albany, Buffalo and Syracuse.

² Detailed assumptions and methodology used in calculating the 2005 population are available upon request from CGR.

Biggest Reductions Among Children 6-12

There were 15,500 fewer kids 0-12 in Monroe County in 2005 than in 2000, with most of the reduction among those 6-12.

As indicated in Table 1, the number of children under the age of 13 (0-12) declined by about 12% between 2000 and 2005—a reduction of more than 15,500 children countywide, to a total of just over 118,000 kids in 2005 (more than 64,800 6-12 year-olds and more than 53,200 under the age of 6). After substantial growth in 6-12 year-olds between 1990 and 2000, there was a subsequent steep decline (a 17% reduction) between 2000 and 2005: There were more than 13,000 fewer children in that age range in 2005 than five years earlier across the county. Among children under the age of 6, the decline was more modest (-4%), but that nonetheless represents more than 2,300 fewer children than five years earlier.

Biggest Reductions Among City Children

2/3 of the decline in the numbers of children 0-12 was among city residents, across all age groups.

Most of the population loss has occurred in the city. In 2005, there were an estimated 10,565 fewer children 0-12 in Rochester than had lived in the city just five years before, a reduction of almost 23%. By contrast, there were almost 5,000 fewer children under 13 in the suburbs, a decline of 6%. During that five-year period, the proportion of children 12 and under who lived in the city declined from 34.7% in 2000 to 30.3% of the county total.

By age group, the numbers of children 6-12 declined by about 28% in the city between 2000 and 2005 (a reduction of about 7,450 children), compared to a reduction of about 5,700 children in the suburbs (-11%). There were about 3,100 fewer children 0-5 in the city in 2005 (a 15.5% reduction), compared to a small increase in the suburbs of about 750 children (+2%) in this age group.

Children in Poverty Declining

There were 4,400 fewer children in poverty in 2005 than in 2000, but 18,600 remain—about 1 of every 6.5 kids in the county.

Tables 2 and 3 on the next page provide data on how the numbers of children in the county break down by age and poverty levels (as defined by the federal government). As the overall population of children has declined, so has the number of children in poverty in the county, at an even faster rate. As indicated in Table 2, numbers of county children living below the poverty level declined between 2000 and 2005 by 19%, a reduction of more than 4,400. As a percentage of all children 0-12, this represented a reduction from 17.3% in 2000 to 15.8% in 2005. Nonetheless, more than

18,600 children were still living below poverty in the county in 2005—76% of whom were city residents.

**Table 2: 2000 & 2005 Number of Children 12 & Under in Monroe County
by Household Income as a Percentage of Poverty**

Poverty Level	# Children 2000	% of Children	# Children 2005	% of Children	Difference
<50%	10,572	7.9%	8,511	7.2%	-2,061
50% - 74%	6,355	4.8%	5,152	4.4%	-1,203
75% - 99%	6,146	4.6%	4,956	4.2%	-1,190
100% - 124%	5,763	4.3%	4,775	4.0%	-988
125% - 129%	1,018	0.8%	854	0.7%	-164
130% - 139%	1,788	1.3%	1,532	1.3%	-256
140% - 149%	2,756	2.1%	2,316	2.0%	-441
150% - 164%	3,029	2.3%	2,554	2.2%	-475
165% - 174%	2,445	1.8%	2,094	1.8%	-351
175% - 184%	2,513	1.9%	2,172	1.8%	-342
185% - 199%	3,516	2.6%	3,096	2.6%	-420
200% - 274%	18,524	13.9%	16,927	14.3%	-1,597
≥ 275%	69,229	51.8%	63,179	53.5%	-6,050
Total	133,655	100.0%	118,117	100.0%	-15,538

Source: 2005 ACS Table B17001 with assumptions based upon 2000 Census and PUMS data:
2000 Data based upon 2000 Census Table PCT50 with assumptions from PUMS data.

**Table 3: 2005 Number of Children 12 & Under in Monroe County
by Age, Geography and Household Income as a Percentage of Poverty**

Household Poverty Range	Number of Children in City of Rochester				Number of Children in Suburbs			
	Age < 6	Percent	Age 6-12	Percent	Age < 6	Percent	Age 6-12	Percent
<50%	3,380	20.0%	3,384	18.0%	787	2.2%	960	2.1%
50% - 74%	1,920	11.4%	1,961	10.4%	523	1.4%	747	1.6%
75% - 99%	1,460	8.6%	2,133	11.3%	603	1.7%	760	1.7%
100% - 124%	1,475	8.7%	1,605	8.5%	831	2.3%	864	1.9%
125% - 129%	247	1.5%	253	1.3%	204	0.6%	150	0.3%
130% - 139%	393	2.3%	383	2.0%	302	0.8%	454	1.0%
140% - 149%	532	3.1%	625	3.3%	410	1.1%	748	1.6%
150% - 164%	688	4.1%	578	3.1%	619	1.7%	670	1.5%
165% - 174%	462	2.7%	569	3.0%	423	1.2%	640	1.4%
175% - 184%	324	1.9%	475	2.5%	582	1.6%	790	1.7%
185% - 199%	514	3.0%	517	2.7%	780	2.1%	1,284	2.8%
200% - 274%	1,170	6.9%	1,340	7.1%	6,427	17.7%	7,990	17.4%
≥ 275%	4,347	25.7%	5,019	26.6%	23,860	65.6%	29,953	65.1%
Total	16,913	100.0%	18,842	100.0%	36,352	100.0%	46,010	100.0%

Source: 2005 ACS Table B17001 with assumptions based upon 2000 Census and PUMS data

Disproportionate City/Suburb Income Levels

Severe income disparities exist in income levels between city and suburban children, with 4 of 10 city kids in poverty, vs. 1 in 20 in the suburbs.

As indicated in Table 3, in the city, 40% of the children in each age range live in families below the poverty level, compared to 5% in the suburbs.³ By contrast, just over a quarter of all city children live in households with income levels 275% or more above the poverty level, compared with almost two-thirds of suburban children.

In the range of 140% to 164% of the poverty level that was affected by recent county increases in subsidy eligibility levels, 4,870 children were potentially affected (about evenly split between city and suburbs). In income levels covered by the Facilitated Enrollment/Childcare Dollars program, in 2005 there were more than 7,350 children in the 165% to 199% range, plus almost 17,000 more in the 200% to 275% range (both heavily suburban concentrations). However, as shown in the next chapter, not all of those children are likely to be in need of child care.

Population Declines Likely to Continue

Population declines are likely to continue among children under 13 in the county, especially among those 6-12.

Among the age groups of interest in this study, population projections prepared for CGR indicate that between 2005 and 2011, the numbers of children 0-5 in the county are likely to continue to decline slightly, probably by less than 1,000. Among those 6-12, the projections suggest that by 2011, there may be 5,000 to 6,000 fewer children in the county than in 2005.

³ The federal poverty threshold level for a family of four in 2005 was \$19,971; and \$15,577 for a family of three.

III. CHANGES IN NUMBERS OF CHILDREN IN NEED OF CHILD CARE

As indicated in the previous chapter, not all children ages 0-12 in Monroe County are in need of child care. Some families plan their schedules around child care needs so that parents may take care of children in shifts, or so that other family members are able to care for children without pay. Some two-parent families choose to have a spouse stay home with the children. In order to estimate the number of children in need of child care, we chose to analyze only those households that had a single parent who was working during the year, or two parents working. For this analysis, we analyzed 2000 Census and 2005 American Community Survey Census Bureau data that revealed householder work status by income/poverty level. Based on the data, we were able to make some assumptions about who might need child care based upon the work status of the householder if the householder had children aged 0-12. We defined working to include full-time year-round employment as well as those who work year-round but less than full-time. We did not include those reported as not working, with the assumption that they would not need child care.⁴

We believe that our estimates of children in need of child care are a mixture of conservative and overestimated. They are overestimated to the extent that the data on working parents do not account for the numbers who do not have children under the age of 13. Nor do they account for those who make other “non paid child care” arrangements such as those noted above. On the other hand, the estimates are conservative to the extent that they do not account for those not currently employed who may need child care to search for employment, nor do they make provisions for the possibility that some non-working householders would seek employment if they had access to child care. On balance, we

⁴ The tables and more detail about the assumptions used in our calculations are available upon request from CGR.

believe that these tendencies have the practical effect of canceling each other out, so that the estimates which follow are believed to be reasonable estimates of the numbers of children in need of child care.

Reduced Potential Demand for Child Care

In 2005, there were almost 13,000 fewer children in need of child care in the county than in 2000 (a 15% reduction).

With reductions in the total population of children, it is not surprising that the number of children needing child care has also declined. Indeed, the estimated need for child care has declined at a somewhat faster rate than the population: As the under-13 population declined by 11.6% between 2000 and 2005, the numbers in that age group estimated to need child care declined by 15.1%. Compared to a reduction in children of more than 15,500, there was a corresponding reduction during that period of almost 13,000 in the numbers of children needing child care, as indicated in Table 4. In 2000, 64% of all children 0-12 were estimated to need child care; in 2005, that proportion had dropped slightly to 61.6%.

Table 4: Estimated Demand for Child Care by Household Poverty Status in Monroe County, 2000 & 2005

Poverty Level	Total 12 & Under		Estimated Need	
	2000	2005	2000	2005
<50%	10,572	8,511	4,808	3,208
50% - 74%	6,355	5,152	2,890	1,942
75% - 99%	6,146	4,956	2,795	1,868
100% - 124%	5,763	4,775	3,920	3,155
125% - 129%	1,018	854	693	564
130% - 139%	1,788	1,532	1,216	1,012
140% - 149%	2,756	2,316	1,875	1,530
150% - 164%	3,029	2,554	2,060	1,687
165% - 174%	2,445	2,094	1,663	1,383
175% - 184%	2,513	2,172	1,710	1,435
185% - 199%	3,516	3,096	2,392	2,045
200% - 274%	18,524	16,927	12,600	11,182
> 275%	69,229	63,179	47,090	41,736
Total	133,655	118,117	85,713	72,747

Source: Using Table 2 from this Report and data from 2005 ACS

Table B17016

Who Needs Child Care?

An estimated 72,500 children remain in need of child care, 55% of whom need after-school care.

Most of those needing child care would not qualify for subsidies, but 31,000 would, including two-thirds of city children.

More than 3,200 children in need of child care could potentially benefit from the increase in subsidy levels from 140% to 165% of poverty. More than an additional 4,850 would potentially be eligible for subsidies if the original 200% of poverty level were reinstated.

Despite the decline in numbers, as shown in Table 4 and in more detail in Tables 5-7 on the next page, about 72,750 children remain currently in need of child care (2005 estimates). Of those, about 55% (just over 40,000) are between the ages of 6 and 12, and would therefore be in need of after-school care, with about 32,725 additional children under the age of 6.

A substantial majority of the children in need of child care would not be eligible for any subsidies, even including Facilitated Enrollment/Childcare Dollars supplements (165% - 275% of the poverty level): Almost 41,750 (57%) of those 0-12 who are estimated to need child care live in families with income levels 275% or more above the poverty level. However, this leaves about 31,000 children in need of child care who would potentially be eligible for subsidies. Moreover, as shown in more detail in tables which break the data in Tables 5 - 7 into city and suburbs, 68% of the children in the city needing child care would potentially qualify for subsidies (with incomes of less than the 275% Childcare Dollars eligibility level), including 59% with incomes below 200% of poverty. By contrast, only a third of those needing child care in the suburbs would potentially be eligible for subsidies, including 15% below the 200% of poverty level.⁵

About 3,200 children are estimated to need child care in the 140% to 164% of poverty range, which encompasses the range within which eligibility for subsidized child care has been restored in the past two years. More than 4,850 additional children in the 165% to 199% of poverty range are in need of child care and would be eligible for subsidies if eligibility levels were to be restored from the current 165% level to the original 200% of poverty level. Almost another 11,200 would be in need within the 200% to 275% range.

⁵ Detailed geographic breakdowns of Tables 5 – 7 are available upon request from CGR.

**Table 5: Estimated Demand for Child Care for Children 0-12,
by Household Poverty Status in *Monroe County*, 2000 & 2005**

Poverty Level	Children Ages 0-12			Children Ages 0-12		
	Estimate of			Estimate of		
	2000	Need	% of Total	2005	Need	% of Total
Below Poverty	23,072	10,494	12.2%	18,618	7,018	9.6%
100% - 139%	8,570	5,829	6.8%	7,161	4,731	6.5%
140% - 149%	2,756	1,875	2.2%	2,316	1,530	2.1%
150% - 164%	3,029	2,060	2.4%	2,554	1,687	2.3%
165% - 199%	8,475	5,764	6.7%	7,362	4,863	6.7%
200% - 274%	18,524	12,600	14.7%	16,927	11,182	15.4%
> 275%	69,229	47,090	54.9%	63,179	41,736	57.4%
Total	133,655	85,713	100.0%	118,117	72,747	100.0%

Source: Using Table 2 from this Report and data from Table B17016 from 2005 ACS in combination with data from Table 2 of 2003 CGR study on Childcare

**Table 6: Estimated Demand for Child Care for Children 0-5,
by Household Poverty Status in *Monroe County*, 2000 & 2005**

Poverty Level	Children Ages < 6			Children Ages < 6		
	Estimate of			Estimate of		
	2000	Need	% of Total	2005	Need	% of Total
Below Poverty	9,865	4,487	12.6%	8,674	3,269	10.0%
100% - 139%	3,800	2,585	7.3%	3,452	2,281	7.0%
140% - 149%	1,042	709	2.0%	942	622	1.9%
150% - 164%	1,431	974	2.7%	1,307	863	2.6%
165% - 199%	3,262	2,219	6.2%	3,086	2,038	6.2%
200% - 274%	7,676	5,221	14.7%	7,598	5,019	15.3%
> 275%	28,531	19,407	54.5%	28,207	18,634	56.9%
Total	55,607	35,601	100.0%	53,265	32,726	100.0%

Source: Using Table 2 from this Report and data from Table B17016 from 2005 ACS in combination with data from Table 2 of 2003 CGR study on Childcare

**Table 7: Estimated Demand for Child Care for Children 6-12,
by Household Poverty Status in *Monroe County*, 2000 & 2005**

Poverty Level	Children Ages 6-12			Children Ages 6-12		
	Estimate of			Estimate of		
	2000	Need	% of Total	2005	Need	% of Total
Below Poverty	13,207	6,007	12.0%	9,945	3,748	9.4%
100% - 139%	4,767	3,243	6.5%	3,709	2,450	6.1%
140% - 149%	1,717	1,168	2.3%	1,374	907	2.3%
150% - 164%	1,585	1,078	2.2%	1,247	824	2.1%
165% - 199%	5,225	3,554	7.1%	4,276	2,825	7.1%
200% - 274%	10,848	7,379	14.7%	9,330	6,163	15.4%
> 275%	40,698	27,683	55.2%	34,972	23,102	57.7%
Total	78,048	50,112	100.0%	64,852	40,020	100.0%

Source: Using Table 2 from this Report and data from Table B17016 from 2005 ACS in combination with data from Table 2 of 2003 CGR study on Childcare

Those most likely to benefit from the pilot Childcare Dollars subsidies are overwhelmingly suburban children.

The majority of those at lower income levels who need child care are city residents, whereas at the higher income levels the majority are suburban residents. Three-fourths of those below poverty needing child care live in the city, as do about 65% of those in the 100% - 139% range. Of those in the 140% - 164% range, about 53% are city residents. Among those in the lower end of the Childcare Dollars range (between 165% and 199%), 41% are city residents, and in the upper ranges (200% - 274%), only 16% of the more than 11,000 in need of child care are city residents. Thus, those most likely to need child care and potentially benefit from the pilot Childcare Dollars subsidies, at least at the upper levels, are overwhelmingly suburban children.

IV. CHANGES IN CHILDREN RECEIVING SUBSIDIZED CHILD CARE

Significant reductions in numbers of children 0-12, children in poverty, and children needing child care are not the sole contributors to the reductions in numbers of children receiving subsidized child care. Several other factors also help explain these significant declines.

Clearly there have been substantial reductions in the first half of this decade in the numbers of children of child care age, in the numbers of those children likely to need child care, and in the numbers of children living in poverty. All of these, individually and collectively, have contributed to the corresponding substantial reductions since 2001 in the numbers of children receiving subsidized child care across both the city and suburban areas of Monroe County. But these by themselves do not explain the rate and magnitude of the declines in subsidized child care, as indicated in this and subsequent chapters.

To help in understanding some of the other events and decisions that have contributed to the changes that have occurred in the use of subsidized child care in recent years, it is important to look at some historical context. Figure 1 on the next page provides a timeline of significant dates and changes in policies, programs and administrative actions that have had the potential to increase or reduce the numbers of children receiving subsidized care. The reader should keep this timeline in mind in reviewing trends in data on subsidized care in this and subsequent chapters, and CGR will make note of the apparent impact, or lack thereof, of particular events or decisions as appropriate in subsequent discussions.

Sharp Reductions in Block Grant Subsidized Child Care

Since 2001, just before the introduction in March 2002 of the change in income eligibility for low-income working parents from 200% to 140% of poverty, the average monthly numbers of children receiving subsidized Family Assistance (TANF/public assistance) child care have declined by about 44%, and the numbers receiving income-eligible (I-E) subsidized child care have

Figure 1:
**A Timeline of Significant Dates Related to
Child Care Subsidies in Monroe County**
*To be Superimposed on the Trend Data
Presented throughout the Report*

September 2001 - Co-Payment Rate was adjusted up from 25% to 35%

March 2002 – Income eligibility for Income Eligible Day Care (IEDC) changed from 200% to 140% of poverty

September 2002 – City of Rochester receives first of five years of 21st Century After-School Funding through Rochester After-School Academy (RASA) collaborative

October 2002 – Significant re-organization occurs and nearly all top level management within the Monroe County Department of Social Services departs. Staffing reductions related to processing of subsidized child care applications occur between 2002 and 2004

January 2003 - Co-Payment Rate adjusts back to 25%

June 2003 - IEDC moved Center of Operations from Westfall Rd. to St. Paul St.

May 2004 – NYS mandated Child Support Requirement for IEDC application

November 2005 – Eligibility for IEDC changed from 140% to 150% of poverty

August 2006 – IEDC Changed from Six-Month Recertification to 1 Year

September 1, 2006 – State sponsored Childcare Dollars Program officially launches (Income eligibility increases from the County threshold up to 275% of poverty)

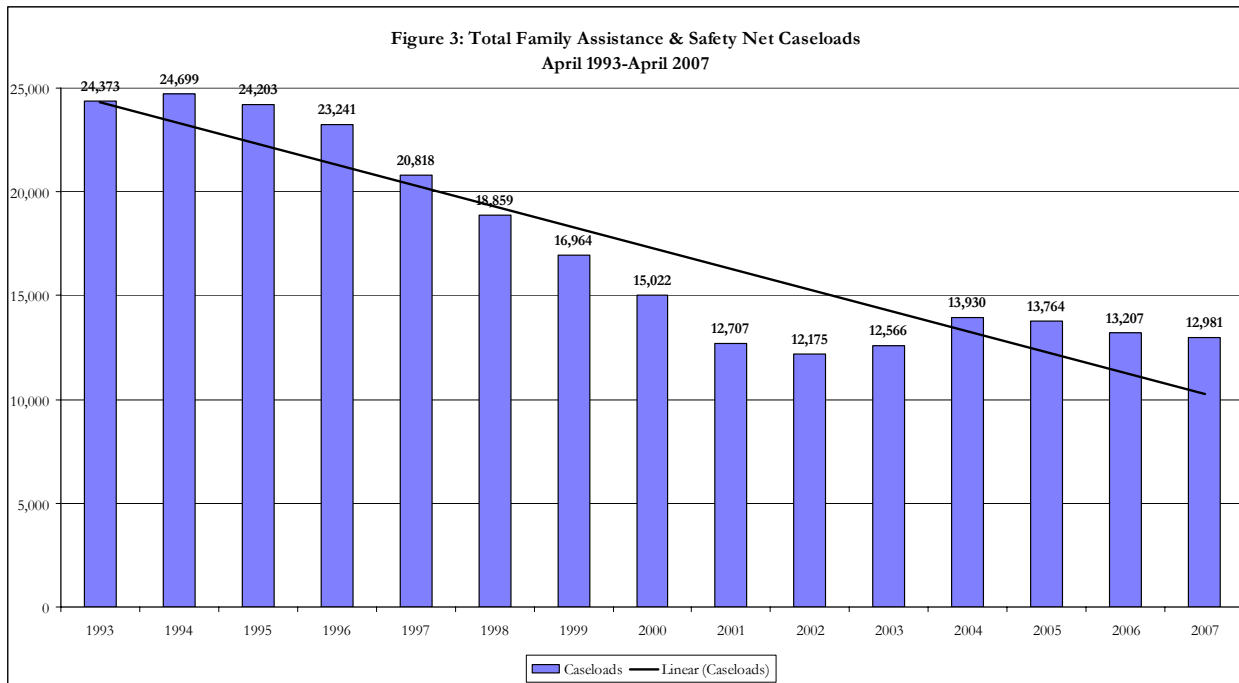
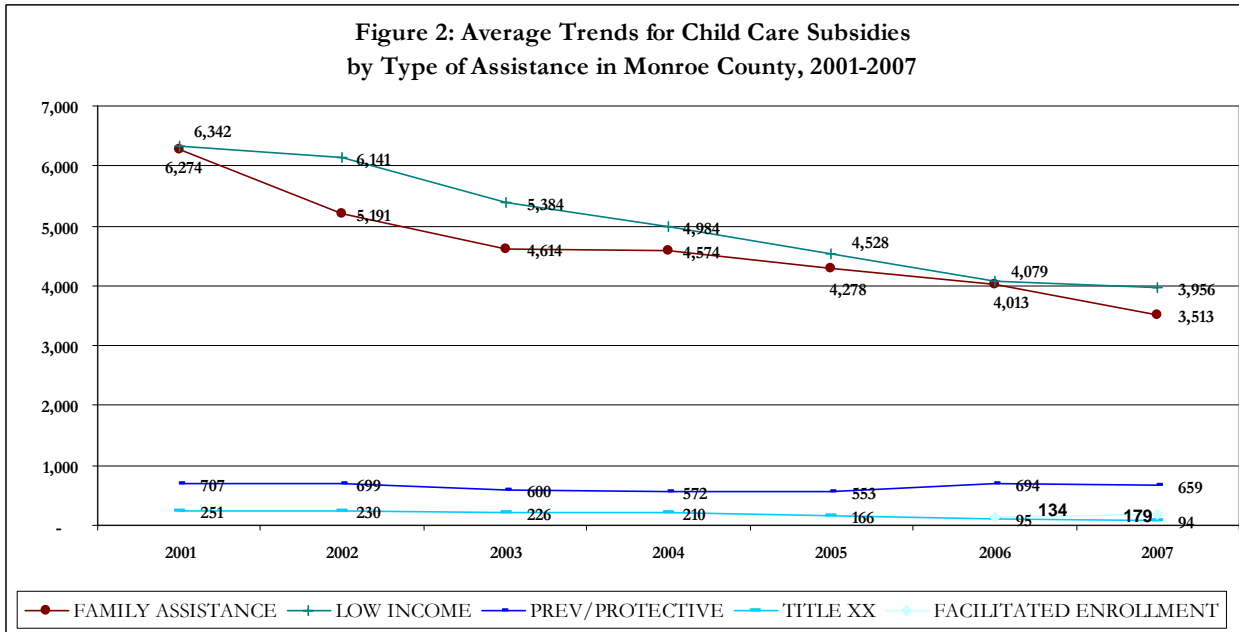
October 2006 – County changes eligibility for IEDC from 150% to 165% of poverty

October 2006 - IEDC took over the entire child care payment process including subsidized and transitional cases

declined by about 37%, as indicated in Figure 2.⁶ “Family Assistance” totals in Figure 2 reflect children receiving subsidized child care as part of their parents’ basic family assistance grant (they do not have to apply and be approved separately for the child care subsidy). “Low Income” children shown in Figure 2 are income-eligible children of primarily working poor families who must qualify for subsidized child care through an application process affected by the changes in maximum income-eligibility levels. Together these two types of child care subsidies comprise Monroe County’s Child Care Block Grant subsidy program. Two other primary types of child care coverage are provided through preventive/protective cases and Title XX. They are not covered by the block grant and are not affected by income eligibility levels. Together they have consistently accounted for an average of about 800 children served per month, compared to several thousand children served each month under the block grant programs.

Contrary to “conventional wisdom,” the reductions in the numbers of children receiving child care subsidies through the Family Assistance program cannot be explained by corresponding reductions in public assistance rolls. As shown in Figure 3, those rolls have declined dramatically since the mid-1990s, but the numbers on the rolls have been relatively stable since 2001, and in fact have even increased slightly since 2002. Thus the 44% reductions in numbers of children receiving subsidized child care on public assistance have occurred not in tandem with declining overall caseloads, but rather have occurred in the face of slightly increasing public assistance caseloads.

⁶ Note that these data represent duplicated cases, as some individuals receive separate authorizations for more than one child care provider in the same month. Other data presented later in the chapter reflect only unduplicated children. The trends are the same either way.



Numbers of children receiving subsidized child care through Family Assistance and Income-Eligible programs have declined by about 40% since 2001, despite slight increases during that time in public assistance rolls, and far exceeding proportionate declines in numbers of children 0-12 and children in need of child care. Introduction of changes in maximum income-eligibility levels seems to be a prime factor in the subsidy declines.

Moreover, the percentage decline since 2001 in children receiving family assistance and income-eligible child care (44% and 37%, respectively) far exceeds the percentage reductions in the numbers of children 0-12 in the county population (-12%), children in poverty (-19%), and children in need of child care (-15%). Thus each of these factors helps to explain the much larger decline in the numbers of subsidized children, but they are not the sole, or perhaps even primary causes of the decline.

It is hard to escape the conclusion, as discussed in more detail below and in subsequent chapters, that *other factors played significant roles in helping to reduce the subsidized child care caseloads. Primary among those factors appear to be events outlined in the Timeline, particularly the reduction in early 2002 in the maximum income level for determining income-eligibility from 200% to 140% of poverty*—and perhaps to some extent in combination with the introduction that same year of the 21st-Century after-school funding, which made possible free after-school programs for several hundred children 6-12 in the city. These events, perhaps in conjunction with significant changes that year in the administration and culture of the Department of Social Services, helped set in motion reductions in numbers of child care subsidies from which there has been little recovery to date, despite subsequent partial increases in eligibility levels in the past two years. The relationships between these variables are explored in more detail below.

Dramatic Reductions as Subsidy Levels Reduced

Perhaps the most convincing evidence of the impact of non-demographic factors on the reduction of children receiving subsidized child care comes from extensive analyses of the numbers of children at various income levels who have obtained subsidized care in recent years, and how those numbers compare to the estimated need for child care in those income ranges. As indicated clearly in Figures 4 and 5 on the next page, the numbers of children authorized for payment for subsidized care plummeted dramatically in the income areas most impacted by changes in the eligibility levels following the introduction in 2002 of a variety of

Figure 4: Children 0-12 Authorized for Subsidized Child Care Payment with Family Income $\geq 140\%$ and $\leq 164\%$ of Poverty

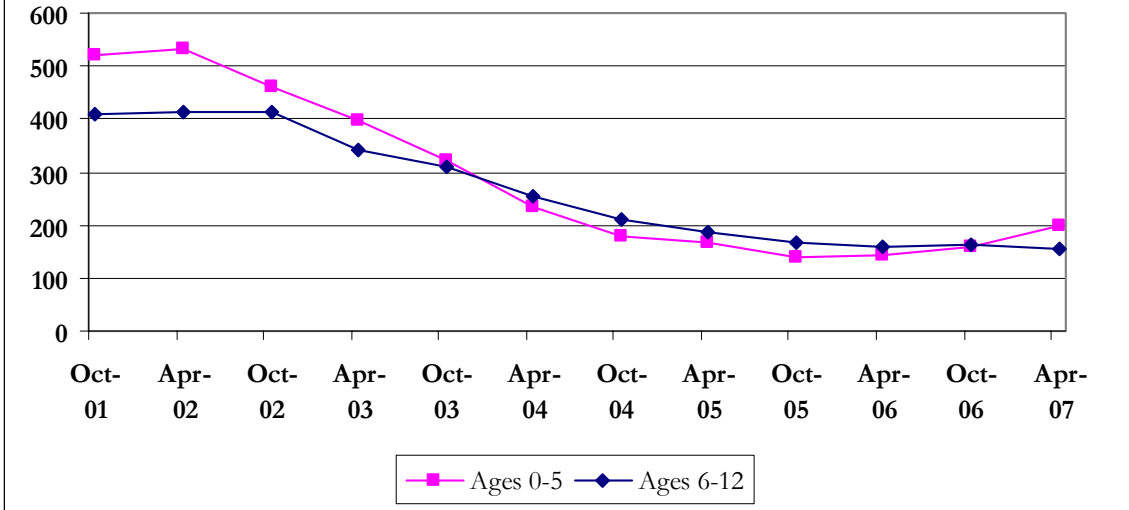
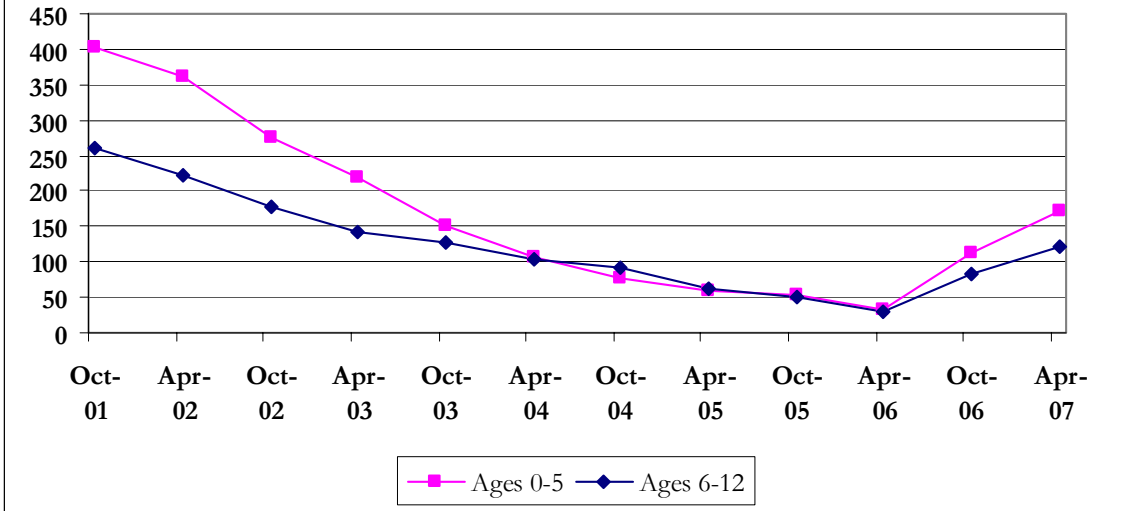


Figure 5: Children 0-12 Authorized for Subsidized Child Care Payment with Family Income $\geq 165\%$ and $\leq 274\%$ of Poverty



In the income levels directly affected by changes restricting eligibility for child care subsidies, numbers of subsidized kids declined dramatically immediately following implementation of the new regulations.

administrative, policy/eligibility and program changes. For income levels that were affected by the County's decision to fund no new child care cases in families with incomes above 140% of the poverty level, payment authorizations dropped beginning in late 2002, and more significantly after that, until bottoming out in late 2005 and early 2006. The declines were pronounced among both 0-5 and 6-12 year-old children, with particularly large reductions among preschoolers. By 2005, the remaining subsidized children in these income ranges represented only a small fraction of the numbers just three or four years earlier. These remaining children had presumably been authorized for payment prior to the changes in eligibility criteria and were "grandfathered" under the new policies for continuation until they aged out of the child care system.

As indicated in the graphs, there is evidence of some reversal of the downward trends since portions of the previous reduction in the eligibility levels began to be restored in 2005 and 2006 (to 150% and 165% of poverty, respectively). The upward impact to date has been small in the 140% to 165% of poverty income range, but has been somewhat more pronounced in the 165% to 275% range affected by the Childcare Dollars pilot program, where some notable increases in the number of subsidized children have occurred since the program began in the fall of 2006.

Small Percentage of Child Care Needs Met

Even more revealing than just tracking open subsidized cases is the exercise of comparing those cases to the numbers of children in each income range who are estimated to need child care.

		Table 8: # Children 12 & Under with Subsidy as Percentage of Estimated Need in all Monroe County *								
	Estimated Need 2000	Estimated Need 2005	% Need		% Need		% Need		% Need	
			Oct-01	Served	Oct-03	Served	Oct-05	Served	Apr-07	Served
<i>Below Poverty</i>	10,494	7,018	6,503	62%	5,333	76%	5,127	73%	4,912	70%
<i>100% - 139%</i>	5,829	4,731	2,399	41%	2,643	56%	2,294	48%	2,148	45%
<i>140% - 149%</i>	1,875	1,530	408	22%	305	20%	164	11%	193	13%
<i>150% - 164%</i>	2,060	1,687	517	25%	323	19%	139	8%	158	9%
<i>165% - 274%</i>	18,365	16,045	664	4%	277	2%	102	1%	293	2%
	38,623	31,010	10,491	27%	8,881	29%	7,826	25%	7,704	25%

2001 percentage based upon 2000 Census estimate. 2003-05-07 percentages based upon 2005 ACS Estimate.

* This chart includes Family Assistance (TANF) Child Subsidy Cases in the "Below Poverty" Line

Chart doesn't reflect about 800 subsidized children per year in Child Protective/Preventive and/or Title XX.

		Table 9: # Children 12 & Under Below Poverty with Subsidy as Percentage of Estimated Need in all Monroe County *								
	Estimated Need 2000	Estimated Need 2005	% Need		% Need		% Need		% Need	
			Oct-01	Served	Oct-03	Served	Oct-05	Served	Apr-07	Served
TOTAL	10,494	7,018	6,503	62%	5,333	76%	5,127	73%	4,912	70%
TANF			5,006	48%	3,489	50%	3,344	48%	3,065	44%
IEDC			1,497	14%	1,844	26%	1,783	25%	1,847	26%

2001 percentage based upon 2000 Census estimate. 2003-05-07 percentages based upon 2005 ACS Estimate.

TANF numbers drawn from Report Produced by DHS which captures unduplicated counts of payments made for subsidized care.

IEDC = Income Eligible Daycare (Subsidy received based upon family income as a % of poverty.)

Small proportions of children in need of child care in families above the poverty level receive subsidized care. At 140% of poverty and above, numbers and proportions of those in need with subsidies are much lower now than prior to income eligibility reductions in 2002.

This process provides a means of estimating the proportion of needs actually being met through provision of subsidies. As shown in summary Tables 8 and 9, and in the more detailed Tables 10 through 18 on subsequent pages, counting each child only once (unduplicated cases), *relatively small proportions of children estimated to need child care actually receive subsidized care in families above the poverty level range. Moreover, both the numbers and proportions of needs met at 140% of poverty and above have declined significantly overall since 2001, though with some upturns beginning in 2006, as noted above. Even with those recent upturns, the numbers and proportions remain well below what they were prior to the reductions in income eligibility levels from 200% to 140% of poverty.*

Clearly the highest proportions of needs met through subsidized care are in the below poverty range, which was not affected by the change in eligibility level. However, even below poverty, the numbers receiving subsidized child care have declined (though more than 70% of estimated needs are met each year). As shown in Table 9, the numbers of TANF/Family Assistance cases have declined, as shown earlier in Figure 2, but there have actually been modest increases since 2001 in the numbers and proportions of children below poverty who are not on public assistance but who have qualified for subsidies under the income-eligible program.

The numbers of subsidized children in the 100%-139% of poverty range have been relatively stable in the past few years since peaking in October 2002 (see Table 10). Despite the fact that this income range has not been affected by the changes in eligibility

levels, there have nonetheless been reductions since 2002 in the numbers obtaining subsidized care (perhaps primarily due to population reductions). Moreover, fewer than half of those in need in this category receive subsidies each year, suggesting that many more in this marginal income category just above the poverty level could benefit from such subsidy support in the future.

*Cautions in Use of
Data on Subsidized
Children vs. Child Care
Needs*

In analyzing the data in Tables 8 through 10, and subsequent Tables 11 through 18, which indicate the numbers of children receiving subsidized child care as a proportion of all children estimated to need care, several cautions and observations should be noted which affect the interpretation of the data:

- ❖ The first column of data represented in the various tables that indicates numbers of children receiving subsidized child care in various income levels in October 2001, is likely to be a significant *undercount* of the actual numbers for that period of time, due to incomplete County data on income levels for such historical data. Data for points in time shown in the tables since then are considered to be complete and accurate. *Thus the reductions shown in the tables between 2001 and 2007 are likely to be conservative estimates, as the actual reductions are likely to be even more substantial than is shown in the tables.*
- ❖ The first row of data for the entire county in Tables 8, 9 and 10, indicating those children below the poverty level receiving subsidized child care, includes complete data for each point in time shown in the tables for all TANF/Family Assistance subsidized child care cases plus all income-eligible subsidized cases. These complete data were discussed in the narrative above. All TANF cases receiving subsidized child care involved children below the poverty level, so there were no TANF cases in the other income/percent-of-poverty levels shown in other rows of the tables.
- ❖ However, that same first row for subsequent Tables 11 through 18—indicating those children receiving subsidized care for below-poverty children broken down by age and city/suburban locations—includes only income-eligible

subsidized cases, *without including TANF/Family Assistance subsidized children*. Historical data for TANF cases by age and geography were not available from Monroe County for the earlier years. *Thus the first rows of Tables 11 through 18 include only partial subsets—the income-eligible portions—of the more extensive below-poverty data reflected in the more complete Tables 8, 9 and 10.* This enables comparisons to be made of subsidies affected by the income-eligible process among below-poverty families not on Family Assistance.

- ❖ Data on ages and geography for below-poverty subsidized children in TANF/Family Assistance cases were available from the County, however, for the October 2006 and April 2007 points in time only. They are not included in Tables 11 through 18, in order to avoid “apples and oranges” comparisons with the earlier years, but those data for those two points in time are discussed later in this chapter.

Impact of Changes in Eligibility Levels in 140% - 164% of Poverty Levels

In 2007 there were at least 575 fewer children receiving subsidized child care in the 140%-164% of poverty levels than in 2001, and more than 2,850 with child care needs were not receiving subsidized care.

As shown in Table 10, in the combined 140% - 164% ranges affected by eligibility changes since 2002, the proportions of children whose child care needs were met through subsidized child care declined from between at least 22% to 25% (probably closer to 30%, given the caveat noted above) in the pre-change years to around 10% in recent years. The numbers of subsidized children in these income ranges have increased somewhat since 2005, as the eligibility levels gradually changed in late 2005 to 150% of poverty and to 165% in late 2006, but even with those slight increases, the proportions of needs met through subsidies continues to hover around the 10% level. The numbers of children receiving subsidized child care in this 140% - 164% income range in April 2007 were at least 575 lower than in October 2001, more than a 60% reduction (the actual gap is probably even greater, given the likely undercount of the 2001 data). This means that as of April 2007, *an estimated 2,866 children of the 3,217 needing child care within the 140% - 164% of poverty range were not receiving subsidized care, even though this range is now again eligible to receive subsidies.*

Impact of Changes in Childcare Dollars Income Range

A significant decline in children receiving subsidized child care in this income group has been partially offset with the Childcare Dollars program. Still, the proportions of cases approved for funding have been relatively small.

Children's Institute, in partnership with Monroe County, operates one of three demonstration facilitated enrollment projects in New York. The Monroe County Childcare Dollars program is designed to expand access to child care subsidies for working parents with moderate incomes. In the income range of 165% - 274% of poverty, the pilot program uses trained enrollers to expedite the enrollment process. The introduction of the program appears to have added a net increase of almost 200 new children to the subsidized rolls in April 2007, compared with 2005. However, the recent total of 293 children in active subsidized cases still represents well less than half of the (conservative) total in this income range in 2001, and less than 2% of the total population in need in that broad category. CGR analysis of facilitated enrollment data indicates that *through the first quarter of this year, slightly less than 40% of the cases forwarded on to the County actually received subsidized care under the pilot program.*

Impact of Changes by Age and Geography

Higher proportions of need have over the years been consistently met through subsidized care among children under 6 than among those 6-12, and this is typically somewhat more so in the suburbs than in the city (Tables 10-18). This may in part be related to the existence of the free 21st Century after-school programs siphoning off some children from paid child care in the city.

Overall, though, higher proportions of need are met in the city than in the suburbs at both age levels (Tables 13-18). Even in the city, however, only a little over half of the needs in the 100% - 139% category are met, and even with recent increases since changes in eligibility levels in 2005 and 2006, only around 15% of the needs are currently met in the 140% - 164% ranges in the city (compared with 6-7% in the suburbs). And even though higher proportions of city needs are met, the biggest reductions in subsidized children since 2001 have primarily occurred among city children.

In the TANF subsidized cases in the October 2006 and April 2007 snapshots, about 60% of the children were under 6, and about 85% lived in the city, with virtually identical age breakdowns in both the city and suburbs.

Tables 10-18: Number of Children Receiving a Subsidy as Percentage of Estimated Need by Geography

Table 10: Ages 12 & Under in all Monroe County *																
	Estimated Need 2000	Estimated Need 2005	% Need		% Need		% Need		% Need		% Need		% Need		Apr-07	% Need Served
			Oct-01	Served	Oct-02	Served	Oct-03	Served	Oct-04	Served	Oct-05	Served	Oct-06	Served		
Below Poverty	10,494	7,018	6,503	62%	5,923	56%	5,333	76%	5,863	84%	5,127	73%	4,875	69%	4,912	70%
100% - 139%	5,829	4,731	2399	41%	2788	48%	2643	56%	2092	44%	2294	48%	2009	42%	2148	45%
140% - 149%	1,875	1,530	408	22%	408	22%	305	20%	184	12%	164	11%	184	12%	193	13%
150% - 164%	2,060	1,687	517	25%	464	23%	323	19%	204	12%	139	8%	138	8%	158	9%
165% - 274%	18,365	16,045	664	4%	452	2%	277	2%	168	1%	102	1%	197	1%	293	2%
	38,623	31,010	10,491	27%	10,035	26%	8,881	29%	8,511	27%	7,826	25%	7,403	24%	7,704	25%

2001-02 percentages are based upon 2000 Estimate. 2003-07 percentages are based upon 2005 Estimate.

* This chart includes Family Assistance (TANF) Child Subsidy Cases in the "Below Poverty" Line

Chart doesn't reflect about 800 subsidized children per year in Child Protective/Preventive and/or Title XX.

Table 11: Ages 0-5 in all Monroe County																
	Estimated Need 2000	Estimated Need 2005	% Need		% Need		% Need		% Need		% Need		% Need		Apr-07	% Need Served
			Oct-01	Served	Oct-02	Served	Oct-03	Served	Oct-04	Served	Oct-05	Served	Oct-06	Served		
Below Poverty	4,487	3,269	819	18%	943	21%	965	30%	797	24%	955	29%	922	28%	942	29%
100% - 139%	2,585	2,281	1270	49%	1486	57%	1438	63%	1087	48%	1180	52%	1054	46%	1113	49%
140% - 149%	709	622	223	31%	217	31%	152	24%	81	13%	77	12%	93	15%	107	17%
150% - 164%	974	863	296	30%	242	25%	168	19%	97	11%	61	7%	65	8%	90	10%
165% - 274%	7,440	7,057	404	5%	274	4%	150	2%	76	1%	52	1%	113	2%	173	2%
	16,194	14,093	3,012	19%	3,162	20%	2,873	20%	2,138	15%	2,325	16%	2,247	16%	2,425	17%

Table 12: Ages 6-12 in all Monroe County																
	Estimated Need 2000	Estimated Need 2005	% Need		% Need		% Need		% Need		% Need		% Need		Apr-07	% Need Served
			Oct-01	Served	Oct-02	Served	Oct-03	Served	Oct-04	Served	Oct-05	Served	Oct-06	Served		
Below Poverty	6,007	3,748	678	11%	862	14%	879	23%	708	19%	828	22%	864	23%	905	24%
100% - 139%	3,243	2,450	1129	35%	1302	40%	1205	49%	1005	41%	1114	45%	955	39%	1035	42%
140% - 149%	1,168	907	185	16%	191	16%	153	17%	103	11%	87	10%	91	10%	86	9%
150% - 164%	1,078	824	221	20%	222	21%	155	19%	107	13%	78	9%	73	9%	68	8%
165% - 274%	10,933	8,988	260	2%	178	2%	127	1%	92	1%	50	1%	84	1%	120	1%
	22,429	16,918	2,473	11%	2,755	12%	2,519	15%	2,015	12%	2,157	13%	2,067	12%	2,214	13%

		Table 13: Ages 0-12 in Rochester															
		Estimated Need 2000	Estimated Need 2005	% Need		% Need		% Need		% Need		% Need		% Need			
				Oct-01	Served	Oct-02	Served	Oct-03	Served	Oct-04	Served	Oct-05	Served	Oct-06	Served	Apr-07	Served
Below Poverty		8,410	5,344	1,221	15%	1,445	17%	1,419	27%	1,157	22%	1,378	26%	1,369	26%	1,421	27%
100% - 139%		3,990	3,055	1889	47%	2141	54%	2012	66%	1579	52%	1753	57%	1521	50%	1610	53%
140% - 149%		1,079	812	293	27%	288	27%	215	26%	130	16%	118	15%	139	17%	139	17%
150% - 164%		1,176	888	372	32%	331	28%	230	26%	140	16%	104	12%	97	11%	107	12%
165% - 274%		4,935	3,768	420	9%	307	6%	192	5%	119	3%	73	2%	114	3%	163	4%
		19,591	13,866	4,195	21%	4,512	23%	4,068	29%	3,125	23%	3,426	25%	3,240	23%	3,440	25%

		Table 14: Ages 0-5 in Rochester															
		Estimated Need 2000	Estimated Need 2005	% Need		% Need		% Need		% Need		% Need		% Need			
				Oct-01	Served	Oct-02	Served	Oct-03	Served	Oct-04	Served	Oct-05	Served	Oct-06	Served	Apr-07	Served
Below Poverty		3,649	2,537	643	18%	730	20%	708	28%	592	23%	722	28%	686	27%	694	27%
100% - 139%		1,773	1,484	990	56%	1125	63%	1070	72%	802	54%	868	58%	769	52%	804	54%
140% - 149%		456	373	153	34%	146	32%	108	29%	61	16%	63	17%	74	20%	78	21%
150% - 164%		587	483	211	36%	166	28%	111	23%	61	13%	42	9%	48	10%	63	13%
165% - 274%		2,065	1,733	252	12%	178	9%	99	6%	50	3%	33	2%	70	4%	103	6%
		8,530	6,609	2,249	26%	2,345	27%	2,096	32%	1,566	24%	1,728	26%	1,647	25%	1,742	26%

		Table 15: Ages 6-12 in Rochester															
		Estimated Need 2000	Estimated Need 2005	% Need		% Need		% Need		% Need		% Need		% Need			
				Oct-01	Served	Oct-02	Served	Oct-03	Served	Oct-04	Served	Oct-05	Served	Oct-06	Served	Apr-07	Served
Below Poverty		4,761	2,807	578	12%	715	15%	711	25%	565	20%	656	23%	683	24%	727	26%
100% - 139%		2,217	1,572	899	41%	1016	46%	942	60%	777	49%	885	56%	752	48%	806	51%
140% - 149%		623	439	140	22%	142	23%	107	24%	69	16%	55	13%	65	15%	61	14%
150% - 164%		589	405	161	27%	165	28%	119	29%	79	20%	62	15%	49	12%	44	11%
165% - 274%		2,870	2,035	168	6%	129	4%	93	5%	69	3%	40	2%	44	2%	60	3%
		11,061	7,257	1,946	18%	2,167	20%	1,972	27%	1,559	21%	1,698	23%	1,593	22%	1,698	23%

		Table 16: Ages 0-12 in Suburbs															
		Estimated Need 2000	Estimated Need 2005	% Need		% Need		% Need		% Need		% Need		% Need			
				Oct-01	Served	Oct-02	Served	Oct-03	Served	Oct-04	Served	Oct-05	Served	Oct-06	Served	Apr-07	Served
Below Poverty		2,094	1,664	276	13%	360	17%	425	26%	348	21%	405	24%	417	25%	426	26%
100% - 139%		1,989	1,826	510	26%	647	33%	631	35%	513	28%	541	30%	488	27%	538	29%
140% - 149%		835	754	115	14%	120	14%	90	12%	54	7%	46	6%	45	6%	54	7%
150% - 164%		916	839	145	16%	133	15%	93	11%	64	8%	35	4%	41	5%	51	6%
165% - 274%		13,483	12,313	244	2%	145	1%	85	1%	49	0%	29	0%	83	1%	130	1%
		19,317	17,395	1,290	7%	1,405	7%	1,324	8%	1,028	6%	1,056	6%	1,074	6%	1,199	7%

		Table 17: Ages 0-5 in Suburbs															
		Estimated Need 2000	Estimated Need 2005	% Need		% Need		% Need		% Need		% Need		% Need			
				Oct-01	Served	Oct-02	Served	Oct-03	Served	Oct-04	Served	Oct-05	Served	Oct-06	Served	Apr-07	Served
Below Poverty		843	727	176	21%	213	25%	257	35%	205	28%	233	32%	236	32%	248	34%
100% - 139%		879	870	280	32%	361	41%	368	42%	285	33%	312	36%	285	33%	309	36%
140% - 149%		270	267	70	26%	71	26%	44	16%	20	7%	14	5%	19	7%	29	11%
150% - 164%		407	403	85	21%	76	19%	57	14%	36	9%	19	5%	17	4%	27	7%
165% - 274%		5,397	5,346	152	3%	96	2%	51	1%	26	0%	19	0%	43	1%	70	1%
		7,796	7,612	763	10%	817	10%	777	10%	572	8%	597	8%	600	8%	683	9%

		Table 18: Ages 6-12 in Suburbs															
		Estimated Need 2000	Estimated Need 2005	% Need		% Need		% Need		% Need		% Need		% Need			
				Oct-01	Served	Oct-02	Served	Oct-03	Served	Oct-04	Served	Oct-05	Served	Oct-06	Served	Apr-07	Served
Below Poverty		1,251	937	100	8%	147	12%	168	18%	143	15%	172	18%	181	19%	178	19%
100% - 139%		1,110	956	230	21%	286	26%	263	28%	228	24%	229	24%	203	21%	229	24%
140% - 149%		565	487	45	8%	49	9%	46	9%	34	7%	32	7%	26	5%	25	5%
150% - 164%		509	436	60	12%	57	11%	36	8%	28	6%	16	4%	24	6%	24	6%
165% - 274%		8,086	6,967	92	1%	49	1%	34	0%	23	0%	10	0%	40	1%	60	1%
		11,521	9,783	527	5%	588	5%	547	6%	456	5%	459	5%	474	5%	516	5%

What Happens to TANF Subsidized Cases?

A legitimate question to raise in the context of declining Family Assistance subsidized child care cases is: As those TANF cases close, why wouldn't there be a corresponding increase in subsequent income-eligible cases, given provisions for up to a year's transition for continuing child care as long as the child doesn't age out of child care eligibility and subsequent income levels don't exceed 200% of poverty? The aggregate TANF and income-eligible subsidized child care data provide little indication of such transitions occurring, with both numbers declining over time. We attempted to assess this on a case-by-case basis. Using the only information available from the County to track what happens to subsidized cases closed from TANF rolls, CGR compared children receiving subsidized child care as part of Family Assistance cases in October 2006 with active TANF and Income-Eligible subsidy cases in April 2007.

Half of the TANF subsidized child care cases in October 2006 were no longer active six months later, and of those, only 5% had transitioned to an active income-eligible case. A process for tracking what happens to the other 95% of the cases should be implemented in the future.

Just over half (1,647 of the 3,250 subsidized child care children in October) were no longer in active TANF child care cases six months later. This is apparently consistent with frequent "comings and goings of cases of all types," according to a DSS official. Almost 90% of those closed cases lived in the city, consistent with the overall child care TANF caseload. About 56% were under the age of 6. About one-fifth of those no-longer-active cases had also received child care subsidies through the income-eligibility program at some point, either before or after October.

But only 88 of the 1,647 closed cases (5%) were in an active income-eligibility subsidized child care case six months later in April 2007 (nearly all with income levels below poverty or 100% to 139% of poverty). It is unclear what happened to those other closed cases. Only 6% of the closed TANF cases were age 12 while active, so aging out of child care would only account for a small proportion of these cases. It was beyond the scope of this study or the available data to conduct a more extensive tracking of what happens to such cases and why they no longer need, or use,

Potential Increase in Subsidized Child Care if Previous Peak Levels Were Reached

If the local child care system were to return to previous peak proportions of child care needs met by subsidized services, an additional 1,000 children would be subsidized at the 140%+ poverty levels, and about 1,500 more at 100% of poverty and above.

subsidized child care when TANF cases closed. But tracking what happens to such cases in the future should be done.

What would be the net effect on the number of active subsidized child care cases if previous peak proportions of need were reached? We started with the proportions of need served in October 2001 (from Table 10) for the income levels of 140% of poverty and above, and increased them slightly to adjust for the conservative numbers reported in 2001. Thus we used the following percentages of need served: 25% for the 140% - 149% of poverty level, 28% for the 150% - 164% level, and 5% for the 165%+ level. We applied those percentages to the 2005 estimated child care need in each income level, and arrived at a total of 1,657 subsidized children who would be served in those income categories—an increase of 1,013 over the April 2007 levels. In addition, if the peak proportion of needs met in the 130% - 139% level (56% in 2003) was applied to the need in that income category, 501 additional cases would be subsidized over and above the 2,148 in April. Thus by simply returning to previous levels of needs met, the local child care system would provide subsidized child care to roughly 1,000 to 1,500 more children than it served in April of this year.

Figuring \$4,500 as the average subsidized income-eligible child care expenditure per child per year for Monroe County, adding this many children to subsidized care would use between \$4.5 million (if 1,000 additional children) and about \$6.75 million (if 1,500 additional) a year. This is within the range of the actual and forecasted surpluses in child care grant dollars in 2006 and September 2007.

V. CHANGES IN NUMBERS AND CAPACITY OF PROVIDERS

Before discussing in Chapter VI what types of providers are serving children receiving subsidized care, and changes in those patterns over time, it is important to first describe the current profile of child care providers across Monroe County, the capacity they offer, where they are located, and how the mix of providers has changed in recent years. Information presented in this chapter was primarily obtained from and with the support of the Child Care Council, supplemented by data from the NYS Office of Children and Family Services (OCFS).

“Formal” Providers and Capacity Declining Over Time

Although historical data on numbers of providers and their capacity are not consistently published on an annual basis or maintained in a historical database (in part because the numbers are volatile and change frequently), use of combinations of different sources enabled us to present a reliable, accurate comparison of 2002 and 2007 provider data, based on data from OCFS known by CGR to be accurate as of November 2002, and more current data as of March 31, 2007 provided by the Child Care Council, which is also consistent with 2007 data independently provided by OCFS. As shown below in Table 19, these data enable us to say with confidence that *there have been substantial declines in the numbers of providers since 2002, consistent with declines over the same period of time among children’s population, children in need of child care, and children receiving subsidized care.*

The focus of the data in the table is on regulated child care overseen by the NYS OCFS—licensed child care centers and group family providers, and registered family child care providers. These regulated providers are often considered the “formal” child care service providers because they are routinely monitored and must meet minimum quality standards (the issue of quality care and its impacts is discussed in more detail in the next chapter).

Table 19: Types (and Capacity) of Licensed and Registered Child Care Providers in Monroe County, 2002 – 2007

Type Provider	# (Capacity) 2002	# (Capacity) 2007	% Change
Child Care Center	144 (12,077)	119 (10,853)	-17% (-10%)
Group Family Care	301 (3,322)	260 (3,123)	-14% (-6%)
Family Care	696 (3,837)	566 (3,962)	-19% (+3%)
Total Providers	1,141 (19,236)	945 (17,938)	-17% (-7%)

Sources: NYS Office of Children and Family Services, Child Care Council

The following declines were documented as having occurred between 2002 and the spring of 2007:

- ◆ There were 25 fewer licensed child care centers in 2007 than in 2002, with a reduction from 144 to 119 (minus 17%), with corresponding declines in capacity of about 1,225 to 10,853 in 2007 (minus 10%).
- ◆ Licensed group family child care providers have declined by about 14% from 301 to 260, with a 6% reduction (about 200 slots) in capacity (from 3,322 to 3,123).
- ◆ Registered family child care providers have declined by 130 (about 19%), from 696 to 566, though reported capacity has actually increased by 125 (3%), to 3,962.
- ◆ Overall, the number of providers in these three categories has declined by almost 200 (minus 17%) from 1,141 in 2002 to 945 in 2007. During that time, reported capacity has declined by about 1,300 to 17,938 (a 7% reduction).

There are almost 200 fewer regulated child care providers in 2007 than five years ago, and capacity of the regulated child care system has been reduced by 1,300.

The 17% decline in the total number of regulated child care providers is consistent with the 15% decline in the estimated numbers of children needing child care (subsidized plus non-subsidized). Providers have gone out of business or consolidated operations as the population of children and of those in need of child care have declined, as the numbers of children receiving subsidized care have declined, as the local economy has suffered,

and as reimbursement rates have fallen below state market rates even as costs have increased (see further discussion of rates in Chapter VIII). Child Care Council data suggest the volatility of the provider business: Within the past 12 months, 75 providers have closed (about 8% of all regulated providers), including seven centers, 18 group family providers, 47 family child care providers, and three school-age programs. Yet as the number of regulated child care providers has declined, the overall system has retained about 93% of its 2002 capacity, leaving continuing capacity to absorb additional children (see vacancy rate discussion below).

After-School Programs May Decline

In addition to the regulated traditional child care providers, Child Care Council data indicate that there are currently 72 school-aged/after-school programs licensed by NYS Office of Children and Family Services, with a capacity of 4,637. Limited historical data suggest that there may have been as many as 82 such programs five years ago, though capacity of those programs at that time is not known. A number of additional unlicensed after-school programs also exist in the county, with unknown enrollments.

Mostly excluded from these totals of school-age programs are 16 federally-initiated 21st-Century after-school programs, which are typically not subject to state licensing requirements. Five of the programs in elementary schools are exceptions to that rule, as they are monitored by OCFS as part of joint endeavors between city schools and non-profit service providers. The 21st Century programs overall provided free after-school services for about 1,350 children of varying ages in 2006, including about 500 ages 12 and under. Many of the 11 programs may not open this school year for lack of continued 21st-Century funding, affecting an estimated 461 of the children 12 and under. Although discussions are underway to keep at least a handful of these programs open, the reality seems to be that most will close. These closings may result in increases in applications, for subsidized child care through other types of providers, on behalf of children losing the programs' free services.

Free 21st Century after-school programs serving more than 450 children 6-12 may not open this school year, potentially resulting in applications for subsidized child care through other providers.

Increased Focus on Legally Exempt Providers

In addition to the more formal regulated providers, since July 2006 a conscious effort has been underway within Monroe County to have the Child Care Council enroll what are commonly referred to as “informal,” non-regulated providers into a Legally Exempt (LE) provider database. This enrollment provides previously non-regulated providers, who are caring for at least one subsidized child, with access to guidelines for a self-certification monitoring process, voluntary training and access to Child and Adult Care Food Program (CACFP) resources, including expanded monitoring (see below). The intent is to help develop a higher level of quality care among these officially-unregulated providers. As of the end of March of this year, the Child Care Council listed 1,224 such providers in their LE database, with others in various stages of enrollment. Those LE providers who agree to 10 hours of specified training become eligible, upon completion, for an additional 10% reimbursement level for subsidized children.

Involvement in CACFP Program

Child and Adult Care Food Program is a long-standing federal food subsidy program which for years has offered nutrition support to regulated child care providers. Within the past year a concentrated effort has been underway in the county to expand the nutritional benefits and monitoring efforts of CACFP to the Legally Exempt providers. Child Care Council data indicate that roughly 60% of the child care centers and more than 75% of the group family providers are currently participating in CACFP. A little over half of family providers are participating, as are about one-third of the after-school programs. Participation is typically higher among city than suburban providers within each provider type.

Thus far, in the early stages of the effort to engage Legally Exempt providers, about 12% of those providers have become active in CACFP, thereby obtaining not only the nutritional benefits of the program, but also ensuring that they will receive three monitoring home visits per year to check on such things as safety, nutrition and paperwork issues. To date, there is no formal assessment through CACFP of quality issues associated with the LE

providers. The County has proposed to mandate that Legally Exempt providers over time must sign up for engagement with CACFP, but thus far this proposal has not been approved by the State.

Program Types and Capacity by Location

As shown in Figures 6 and 7, of the current regulated providers in Monroe County, more than 60% of the child care centers, and their capacity, are located in the suburbs, while between two-thirds and three-quarters of the home-based family providers are in the city. Similar proportions of their total respective capacities also are in the city.

Figure 6: Licensed and Registered Monroe County Child Care Provider Types by Location, March 2007

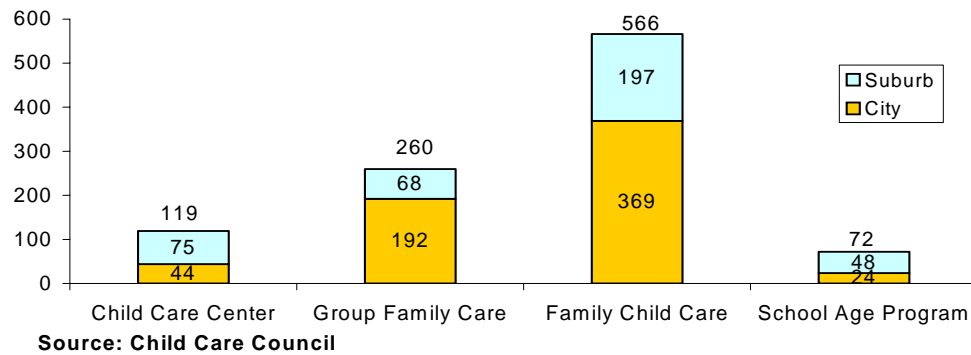
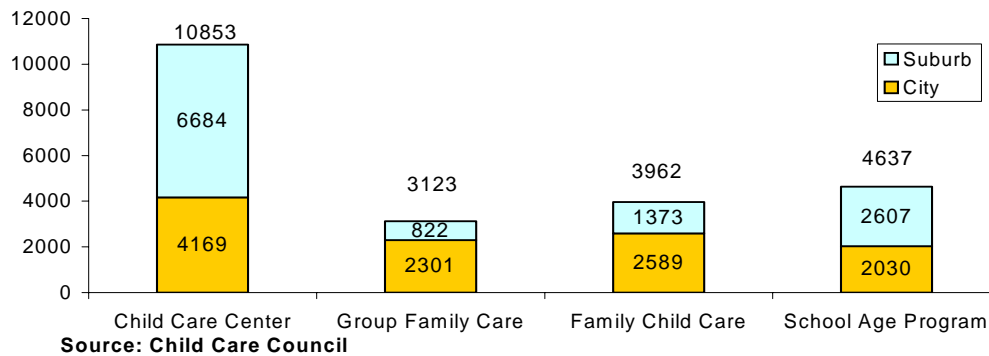


Figure 7: Total Monroe County Licensed and Registered Capacity by Provider Types and Location, March 2007



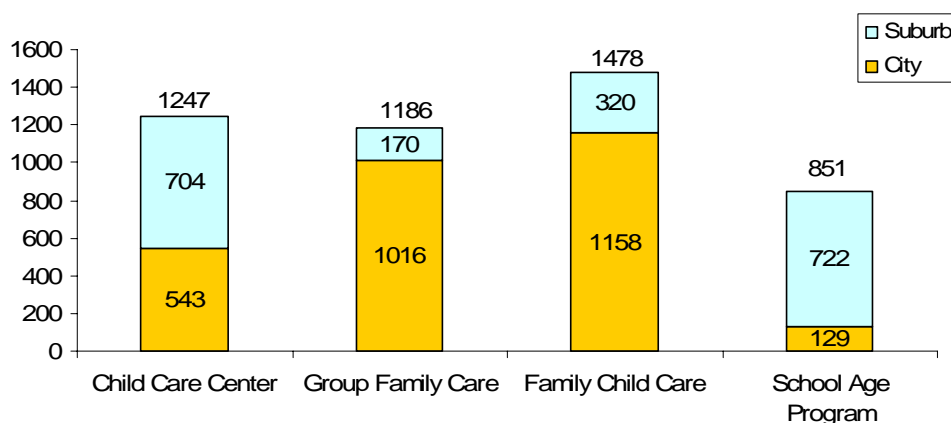
As with child care centers, regulated after-school programs are predominantly in the suburbs (two of every three). But although only one-third of the after-school programs are located in the city,

they account for a slightly higher proportion of the county's total capacity of such programs (44%).

Unused Capacity/ Provider Vacancy Rates

Although not all the provider vacancy data are current, and some providers have not listed vacancy rates at all, Child Care Council data suggest that more than one-fifth of the current capacity within the regulated system of providers in the county may not be filled (see Figures 8 and 9). Not counting after-school programs (several had missing data on vacancy rates), *at least 3,900 vacant slots are estimated to currently exist (22% of current non-school-age capacity), enough to accommodate a substantial number of the unmet service needs.* These include about 1,250 in child care centers, almost 1,200 in group family providers, and about 1,475 in family providers. At least 850 additional vacant slots exist within after-school programs.

Figure 8: Approximate Number of Vacancies by Licensed and Registered Child Care Provider Types and Location, March 2007

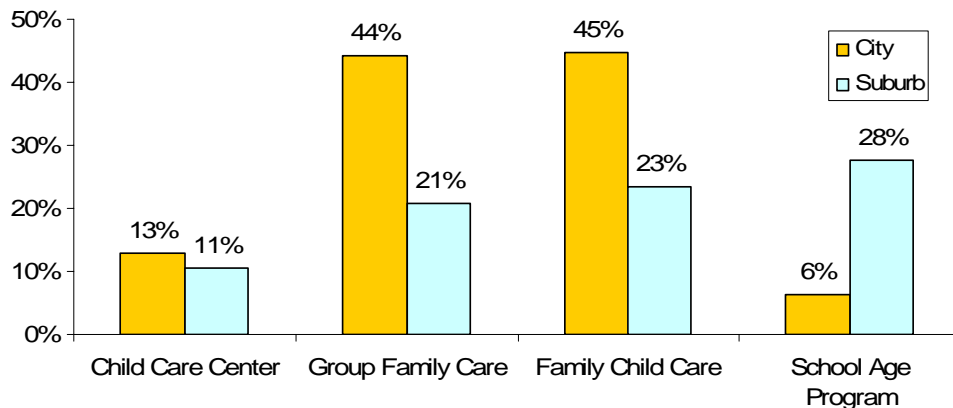


Source: Child Care Council

An estimated 3,900 or more vacant slots exist among regulated child care providers. Each type provider has higher vacancy rates in the city than in the suburbs, especially among home-based providers.

As much as about 45% of regulated family and group family capacity is estimated to be unused in the city, compared to about half that rate among such providers in the suburbs. More vacant child care center slots are present in the suburbs than in the city—not surprising since most of the child care capacity is in the suburbs—but the vacancy *rate* among centers in the city is actually somewhat higher (roughly 13% versus 11% in the suburbs).

Figure 9: Approximate Vacancy Percentages by Licensed and Registered Child Care Provider Types and Location, March 2007



Source: Child Care Council

Note: Vacancies may be somewhat understated among all provider types because of occasional missing information, especially among city school-age programs.

Other Characteristics of Regulated Providers

Child Care Council data provided the following additional information about characteristics of regulated providers that have implications for how accessible and valuable they are perceived to be by parents seeking child care:

- ❖ As of March 31, about 120 of the county's 945 regulated child care providers (not including after-school programs) offered some level of weekend care. All but three were family or group family providers, and 104 of the 120 were in the city.
- ❖ Although the data are not always clear, they appear to suggest that perhaps a quarter or more of all regulated providers offer child care services for parents working evening shifts. All but about six of these are family or group family providers, and about 90% are located in the city. Six child care centers, according to the Child Care Council database, offer such evening services, four in the city and two in the suburbs.
- ❖ Thirty-eight child care centers were listed in March 2007 as having received accreditation (almost a third of all centers in the county), with 21 in the suburbs and 17 in the city. An additional 16 home-based providers (eight family and eight group family) were also listed as accredited, with 9 in the city and 7 in the suburbs.

VI. WHO IS PROVIDING SUBSIDIZED CHILD CARE?

Parents whose children receive subsidized child care have the right to select from a wide range of options for the provision of that care. A parent may decide to place a child with a regulated provider (a licensed child care center or group family provider, or a registered family provider or an after-school program). But a parent has just as much right to select from a variety of legally exempt providers (family members, au pairs, friends, neighbors, etc.), or from a similar mixture of options receiving absolutely no regulation or oversight from funders, advocates or anyone else other than the parent (often described as “informal” care).

Parents may choose the provider(s) who will receive the governmental subsidy with absolutely no restrictions from the funders, using whatever criteria the parents determine to be most important to them in their decision-making process. Actual and perceived quality of the care provided and received by the child may or may not be an explicit consideration in the parental decision. *And yet research, both nationally and locally, indicates that quality should matter and should be an important factor in the parents’ decisions about where to send their children for child care.*

The Relationship Between Quality Child Care and Subsequent Outcomes

Research consistently links the provision of higher quality child care alternatives to both short-term and longer-term positive outcomes for both children and society. Research findings consistently indicate that it matters what type of child care children are exposed to, and that quality care is associated with subsequent improved outcomes on a variety of measures for the individual children and families involved, and with reduced costs long-term for society.

Economists and public policy analysts have touted the substantial financial return to society that results from investments in quality child care and early childhood development. *Even in the face of fiscal restraint, noted economists urge public investment in quality child care because of its demonstrated impact in yielding long-term demonstrated societal benefits.*

Investment in quality child care has been demonstrated to provide substantial returns to both children and society in terms of cost savings and improved outcomes on a wide variety of measures beneficial to children and society alike.

Those benefits have been calculated in various studies—by such noted economists as Art Rolnick and Rob Grunewald of the Federal Reserve Bank of Minneapolis and Nobel Laureate James Heckman—in such magnitudes as: \$8 returned to society for every dollar spent on quality child care programs, especially those serving low-income children, and as much as a 16% real annual rate of return, after accounting for inflation.

Such substantial returns to children and society are based on cost savings and costs avoided resulting from such factors as improved literacy and educational performance, fewer dropouts, fewer behavioral problems, improved employment opportunities and higher subsequent earnings in life, higher worker productivity, reduced juvenile and criminal justice involvement, less use of public assistance. All of these factors have been demonstrated in numerous longitudinal studies as short- and long-term outcomes associated with children exposed to quality child care programs, compared to those not receiving such services. (For a fuller description of the findings linking quality care and outcomes, see the research summary in Appendix A.)

Placement of a child in a quality child care setting has immediate tangible benefits in the employment setting in terms of increased stability and productivity. The economic development implications of investing in quality child care are being increasingly recognized.

Not only has research demonstrated the positive impact investing in quality child care has on the children, but significant benefits have also been demonstrated for the parents, particularly in terms of their employment situations. Having a child placed in a quality child care setting has been shown to be associated with increased stability and productivity of parents in the work force. Loss of productivity has been demonstrated among working parents when their children are not placed in quality child care. Thus, *in addition to the impact quality care has on the child—both short- and long-term—research has also determined that there is a tangible benefit received immediately by both parent and employer.* Some research also suggests that this benefit can be extended through subsequent improved educational achievement levels by mothers of children placed in quality care.

The tangible relationship between quality child care and success in the world of work has been clearly understood by some states and a number of economic development specialists. For example, in the state of Vermont, quality affordable child care has been a mandatory component of economic development planning since 2003. In a statewide survey of economic development professionals in New York, more than 80% agreed that ensuring affordable quality child care should be an important part of economic development policy for the state, and that lack of affordable, convenient quality care reduces worker productivity.

Where Do Parents Place Their Children in Child Care?

Given the strong relationship between quality child care and subsequent outcomes, to what extent does this appear to factor into actual placement decisions? Based on CGR's comparisons of child care placement patterns with conventional understandings by child care advocates and many other policy analysts of the perceived highest quality child care settings, apparently not very much.

Extensive longitudinal research has shown (1) the effectiveness of high quality preschool early care and education on school readiness among low-income children and (2) the critical importance of secure attachments to predictable responsive adults during the first three years of life. For this reason, children's advocates have long encouraged Monroe County and others to use every possible resource to ensure that children attend quality child care programs. Some characteristics of high quality care can be observed. Programs can be regulated (licensed and registered) by the state (ensuring meeting of state requirements for safety, health, caregiver education and curriculum), meet national and state accreditation standards, and participate in the rigorous Rochester Assessment project. The Rochester area has vacancies in many licensed programs which meet these high standards.

Except for minimal state regulations, these standards are not applicable to informal/legally exempt family child care providers. There is limited formal oversight, and currently we have no

evidence to indicate the level of quality in the community's informal child care settings. It must be noted, however, that informal in-home care can be an excellent alternative for some children, and perhaps especially for infants and toddlers, if the care is high in quality. The most critical element of quality infant and toddler care is the formation of a secure attachment between the child and the caregiver. For this to take place, a responsive attuned knowledgeable adult must maintain a long-term continuous relationship with that child. Continuity of care in a small environment might indeed be found in an informal family child care setting. The issue then is to ensure that other elements of quality care are present in that home.

There are high-, moderate- and low-quality providers of every type. However, based on several indicators, it seems reasonable to conclude that on balance, it is a reasonable assumption that informal caregivers are less likely in the aggregate to offer and consistently sustain high quality care. Most have received limited training in child development, and there is limited formal monitoring or oversight of how they interact with the children they serve. On the other hand, about a third of the child care centers in the county have received formal accreditation, implying a high level of documented quality care, and all are regulated and monitored, with more standards governing their operations, including mandatory training and regular site visits. Between centers and informal providers are the regulated family and group family home care providers, typically viewed as being in the middle on the quality scale. Most do not have degrees in child development, though all receive some mandatory child development training at least every other year. About 16 of 826 regulated family and group family providers as of March 2007 (2%) had received formal accreditation. All regulated family in-home providers are carefully monitored against state standards.

*Informal Care
Consistently
Predominates*

In the context of these assumptions, historical data clearly indicate that high proportions of children obtaining subsidized care in Monroe County have consistently received informal care, with less

regulation and monitoring of quality of care than is true of other types of providers. *From 2001 through 2007, the provider category serving the largest number of subsidized children at any given time has consistently been informal caregivers, regardless of whether the care has been provided as part of a TANF/Family Assistance case or as part of an income-eligible case subject to an application process, and regardless of the age or city/suburban residence of the child.* The detailed data which are summarized in the text below are available upon request from CGR. More specifically:

- ❖ Historically since 2001, between about 45% and 47% of all *income-eligible subsidized care children* have been served by informal/legally exempt providers, with child care centers and the combination of family and group family home-based providers serving just over one-fourth each. In the past two years, there has been some indication of a slight increase in the proportion of subsidized income-eligible children placed in centers to about 29%, with reductions in the proportions of informal care to about 43%. These are small shifts, and may not continue, but they have occurred over the past two snapshot periods we have examined (October 2006 and April 2007), so it bears watching to see if a trend, however slight, is underway, especially since this direction is consistent with data observed with other subsets of the subsidized population, as discussed below.
- ❖ Among *TANF/Family Assistance child care subsidies*, between 2001 and 2004, an average of 54% to 55% of the children were served by informal providers, with between 15% and 18% in centers and about 28% consistently in regulated family providers. Since then, the proportions have begun to clearly shift, with the informal care percentage dropping below half for the first time in 2006 and dropping closer to 40% in the first few months of 2007. Simultaneously, the proportion of subsidized children served in centers has been gradually increasing to around the 25% level, or higher in some months, while regulated home care providers have been accounting for closer to 30% or more of the active children's cases.

- ❖ Perhaps most surprising has been the provider data for the *Childcare Dollars program*. In the early experience with the combined Facilitated Enrollment/Childcare Dollars pilot program, beginning with the fall of 2006, initial County data suggest that about 60% of the initial children receiving subsidies through this initiative were served in center-based care, with only between 15% and 20% in informal care and about a quarter of the children in regulated family providers.

Historically more children have received subsidized care from informal providers than from any other type, but that proportion may be declining, and the proportion receiving care in centers may be increasing somewhat.

It is not known why in recent months the proportions of subsidized children served by child care centers have begun to inch up while the proportions of those in informal care have been declining, with the directions consistent across TANF, income-eligible and Childcare Dollars categories. The data may represent only a minor “blip” which will reverse itself back in previous directions in the future. Or there could be some changes in how evaluators/screeners at DSS are presenting information about options that could be helping to shape different choices, although we could not detect any signs of overt changes in approaches in our various discussions. Or there could be some spillover effect from the facilitated enrollment process associated with the Childcare Dollars program, to the extent that the volunteer enrollers have emphasized different options, and the word begins to get disseminated by word of mouth in the larger community (though again, we were not able to detect any such patterns in our discussions). The answer could be none of the above, one of the above, or some combination.

More parents may be amenable to placing their children in high quality child care, thereby maximizing future investments.

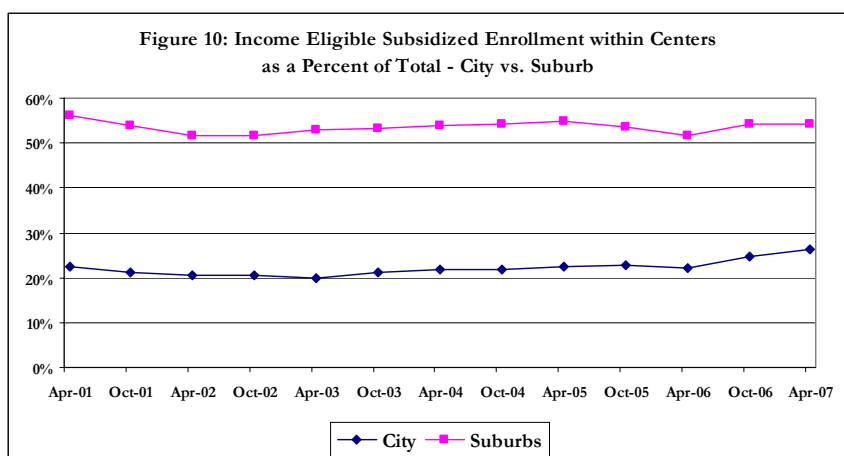
We simply have no way of knowing what is contributing to these apparent shifts in long-standing patterns, but the data should be monitored carefully in the future to see if the patterns continue, and attempts should be made to ascertain reasons behind the changes if they continue. *The data suggest that historical patterns can be changed, and suggest further that a focused effort to educate parents about options available to them may help greater proportions than in the past to consider placing their child more intentionally to take advantage of perceived quality providers.* (For more discussion of the factors parents

consider in making decisions about the child care setting, see the next chapter.)

Provider Profiles by Age and Geography

As shown in Figures 10 and 11, about half of all income-eligible subsidized children in the city⁷ have consistently received their child care in informal settings (with recent declines below 50% as part of the overall decline noted above), and between 20% and 25% in child care centers (with some recent increases). By contrast, about 30% of those receiving subsidized care in the suburbs have consistently received informal care, and about 55% have been served in centers (more than twice the rate of center penetration in the city).

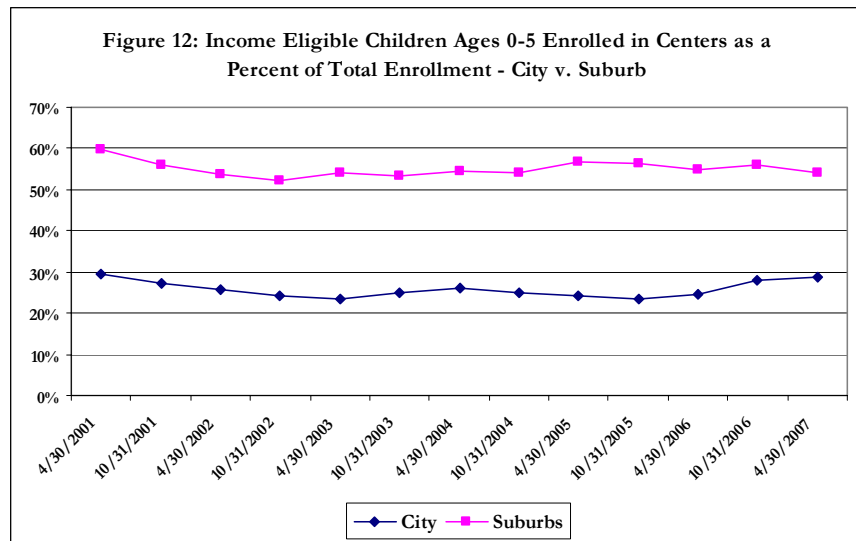
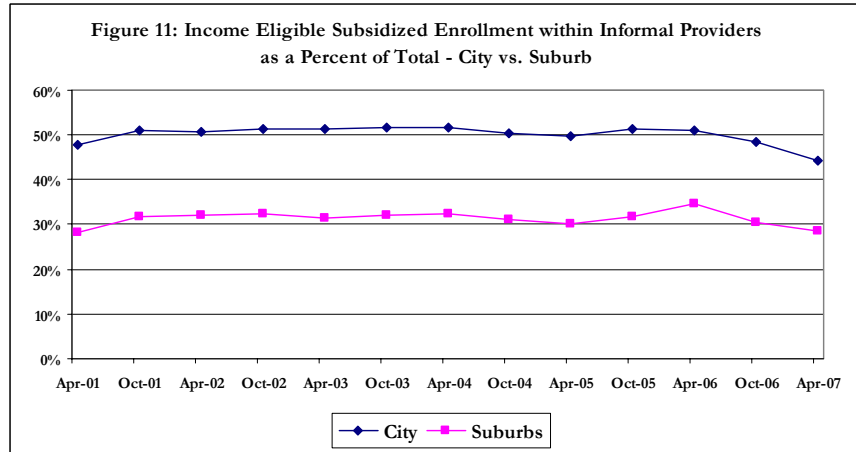
Children have very different probabilities of enrollment in high quality child care depending on where they live in the county.

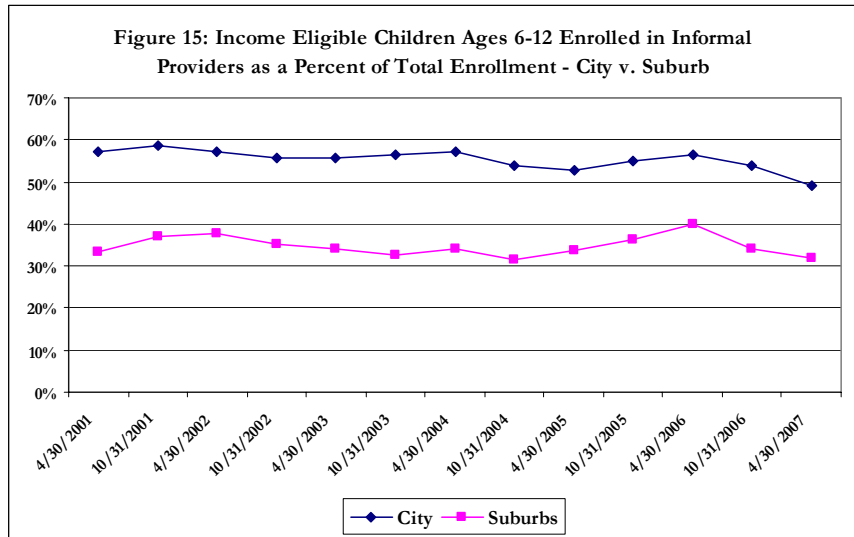
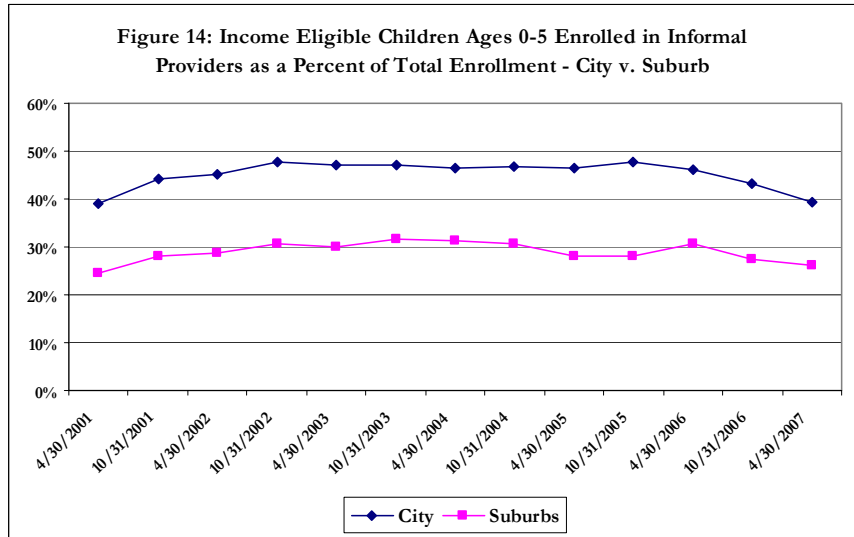
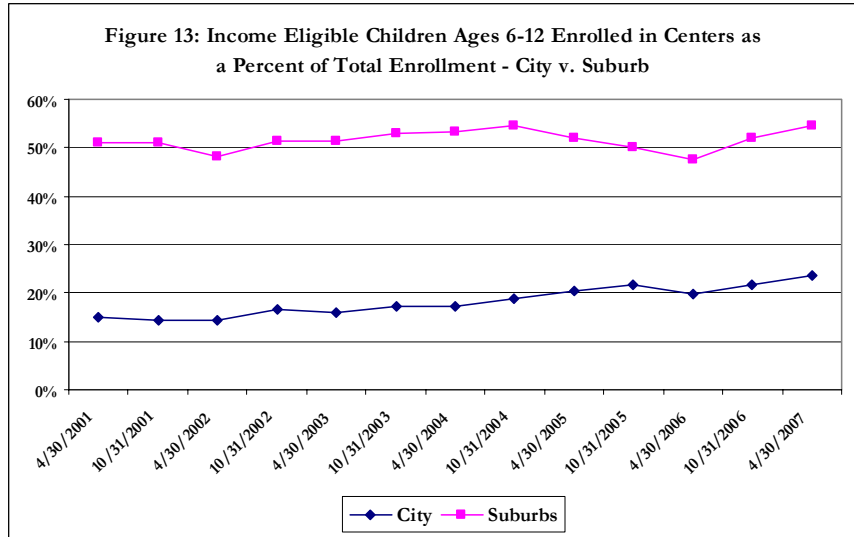


Although more city children in both 0-5 and 6-12 age ranges attend subsidized child care in centers than is true among suburban children, the city *proportions* of children who receive their subsidized services in child care centers are much smaller than in the suburbs, for both age groups, as shown in Figures 12 and 13.

⁷ These data, and most of the rest of what is reported in the rest of the chapter, is based exclusively on income-eligible cases. This is because no historical comparisons of TANF data by age and geography were available from the County, with the exception of data from more recent October 2006 and April 2007 snapshots which are discussed below. Also, although subsidized TANF cases were very much of concern to the project steering committee and CGR, the primary initial focus of the study was on the income-eligible cases and how changes could be made in the process of making enrollment decisions that would be in the best interests of the individual families and the county as a whole.

Conversely, both the actual numbers and proportions of city children receiving subsidized services in informal settings far exceed those in the suburbs, as shown in Figures 14 and 15. Even with declines in overall subsidized care in recent years, some 750 to 800 city children 0-5 at any given time each year have been enrolled in informal care since October 2004, with declines to around 700 each of the last two snapshot periods.





For TANF cases, data on service types by age and geography were only available for the October 2006 and April 2007 snapshots, with no other historical perspective possible by age and city/suburban location. *As with the income-eligible cases, however, the patterns were typically the same: City TANF children are much more likely to be enrolled with informal providers, consistently across age groups. Conversely, suburban TANF children are far more likely to be enrolled in a child care center than are city TANF children.* And, across both city and suburban children, informal care is more likely among TANF children ages 6-12, while center-based care is more likely among those 0-5.

Providers Serving Subsidized Children

About 55% of all child care centers in the snapshot periods of 2006 and 2007 were serving at least one subsidized child (similar proportions among both city and suburban centers). Slightly less than half of licensed group family providers were serving subsidized kids (about 55% of the group care providers in the city, and about 20% in the suburbs), and about 30% of regulated family providers were serving at least one subsidized child (almost 40% of those in the city, and 15% in the suburbs). Few (7%) of the licensed programs that provide exclusively after-school services reported enrolling subsidized kids.

Most providers serving any subsidized children serve more than one.

Among providers who served at least one subsidized child, the vast majority served more than one. Among both city and suburban providers, more than 70% of those serving any subsidized children served at least two, regardless of whether they were a small or large provider. In the city overall, just under 30% served one child during the snapshot periods, about 60% of the providers served two to five children, and about 12% served more than five. Among suburban providers, about one-quarter served one child, about half served two to five, and about a quarter served more than five.

Locations of Providers vs. Subsidized Kids

As clearly indicated in Table 20, there is a significant disconnect between where various types of child care providers are located (broken down by quadrant of the city and suburbs), and where the

children receiving subsidized care live. *If child care centers are viewed as the providers most likely overall to consistently offer quality child care (because of the regulations and standards to which they are held accountable and because a relatively high proportion have been accredited), and informal providers are on average least likely to do so (subject to the discussion earlier in the chapter about limited standards and requirements), it is clear that most regulated providers of quality care are not close to where the subsidized children live. Conversely, the Legally Exempt/informal providers were much more closely aligned proportionately in their locations to where the subsidized children live.*

Legally Exempt providers are located in quadrants in proportions similar to where those needing subsidized child care live. Child care centers, however, are typically far removed from where subsidy recipients live.

Table 20: Geographic Locations of Child Care Providers with Locations of TANF & Income Eligible Subsidized Children, by City and Suburb

Geographic Quadrant	Location of Providers			Residence of Children	
	% of Childcare Centers	% All Regulated Providers	% Legally Exempt Providers	% of TANF Children	% of Income Eligible Children
CITY					
NW	3.4%	9.6%	16.1%	15.4%	15.9%
SW	3.4%	15.8%	23.5%	21.0%	18.3%
NE	13.4%	28.0%	39.6%	42.5%	34.1%
SE	10.1%	4.3%	3.6%	5.9%	5.6%
<i>Subtotal</i>	<i>30.3%</i>	<i>57.8%</i>	<i>82.8%</i>	<i>84.8%</i>	<i>73.9%</i>
SUBURB					
NW	18.5%	12.9%	8.7%	5.0%	11.1%
SW	6.7%	5.2%	2.5%	1.8%	3.0%
NE	26.1%	13.0%	4.4%	6.4%	8.3%
SE	18.5%	11.2%	1.6%	2.1%	3.7%
<i>Subtotal</i>	<i>69.7%</i>	<i>42.2%</i>	<i>17.2%</i>	<i>15.2%</i>	<i>26.1%</i>

Source: County IEDC and TANF Database

The disconnects are most pronounced in the Northeast quadrant of the city, and the Northeast and Southeast quadrants of the suburbs:

- ❖ The NE city quadrant contains only 13% of the county's child care centers, and 28% of all regulated providers (including both the centers and regulated family home care providers), but by contrast 42% of the county's TANF recipients of subsidized child care live in this quadrant, along with 34% of its income-eligible children receiving subsidized care. The NW

and SW quadrants of the city also have significant, though less pronounced, disconnects. Each of these quadrants has significant proportions of informal providers, even though falling substantially short on the proportions of centers.

- ❖ The NE quadrant of the suburbs contains one-fourth of all the child care centers in the county, even though less than 10% of the county's TANF and income-eligible recipients of subsidized child care live within the quadrant.
- ❖ Similarly, 18.5% of the county's child care centers are located within the SE quadrant of the suburbs, within which only 2% of the TANF recipients and 4% of the income-eligible recipients live. Together, the NE and SE quadrants of suburban Monroe County contain 45% of the county's child care centers, but only about 10% of the TANF and income-eligible subsidized child care populations.

Obviously most child care centers have not been strategically located simply for the purpose of providing services to low-income, subsidized children. And thus it is not realistic to expect that there can be any significant movement of centers—as the primary quality child care providers—to the neighborhoods where most of the subsidized children live. But these data illustrate clearly one of the major reasons why so many low-income residents wind up obtaining child care from informal and even regulated home care providers: *child care center options are simply not readily available and easily accessible to most low-income families even if the financial resources and desire to enroll were present.*

Many children needing subsidized child care have few feasible options for easily accessing quality care and the benefits it offers. Solutions to the related access and quality problems are likely to be complicated, time-consuming and costly.

Without major resources devoted to co-location of services and/or to transportation to make access to regulated providers more feasible for more children (recognizing that expanded transportation has its own impediments as a public policy solution), and/or without major resources devoted to expanding existing efforts to strengthen the capability of regulated home care providers and informal providers to offer quality services, *significant proportions of subsidized children will continue to be reliant on the convenience of informal providers, often sacrificing quality care in the process.*

VII. BARRIERS TO ACCESS TO SUBSIDIZED CHILD CARE

CGR reviewed County data related to the processing of applications for child care subsidies, in addition to conducting focus group discussions with parents, and numerous interviews with child care service providers, advocates, policymakers and administrators involved in processing applications for subsidies. Those interviews and focus groups covered a wide range of issues related to the process of applying for subsidies, how decisions get made on both sides of the application process (administrators and parents), and factors parents consider in making child care decisions, including potential barriers affecting access to child care, subsidies and particular types of providers of care.

Context

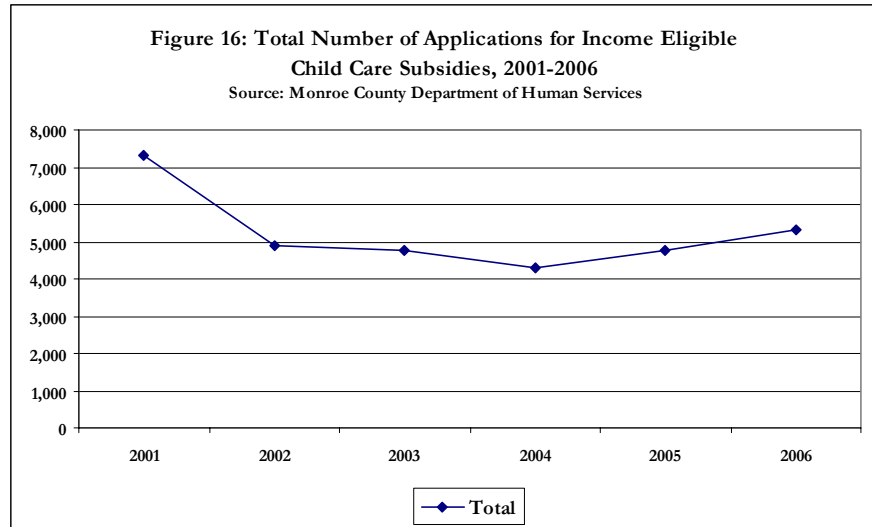
The information presented in the remainder of this chapter should be reviewed and interpreted in the context of two assumptions and facts:

- ❖ Much of the information presented later in the chapter is based on interviews and discussions which focused on various people's perceptions of reality. CGR cannot independently verify the accuracy of the perceptions that were expressed. They were expressed frequently and consistently enough that we felt it appropriate to report the observations because of the perspective they provide, but they are nonetheless perceptions which may or may not bear a high degree of correlation to reality. On the other hand, no matter how accurate the perceptions may or may not be, they do help to shape how people behave and the decisions they make, and in that sense the perceptions become a form of reality.
- ❖ Some of the findings that may be interpreted as negative, and/or that raise questions, should be interpreted in the context of the reality that County DHS staff responsible for reviewing and making decisions about applications for income-eligible child care subsidies experienced significant reductions, turnover and shifts in responsibilities during portions of the years for which data are being analyzed. Between 2002 and

2004, there were reported reductions of 20% in the numbers of staff involved in processing the applications, coupled with new responsibilities for those who remained.

What Happens to Applications for Child Care Subsidies?

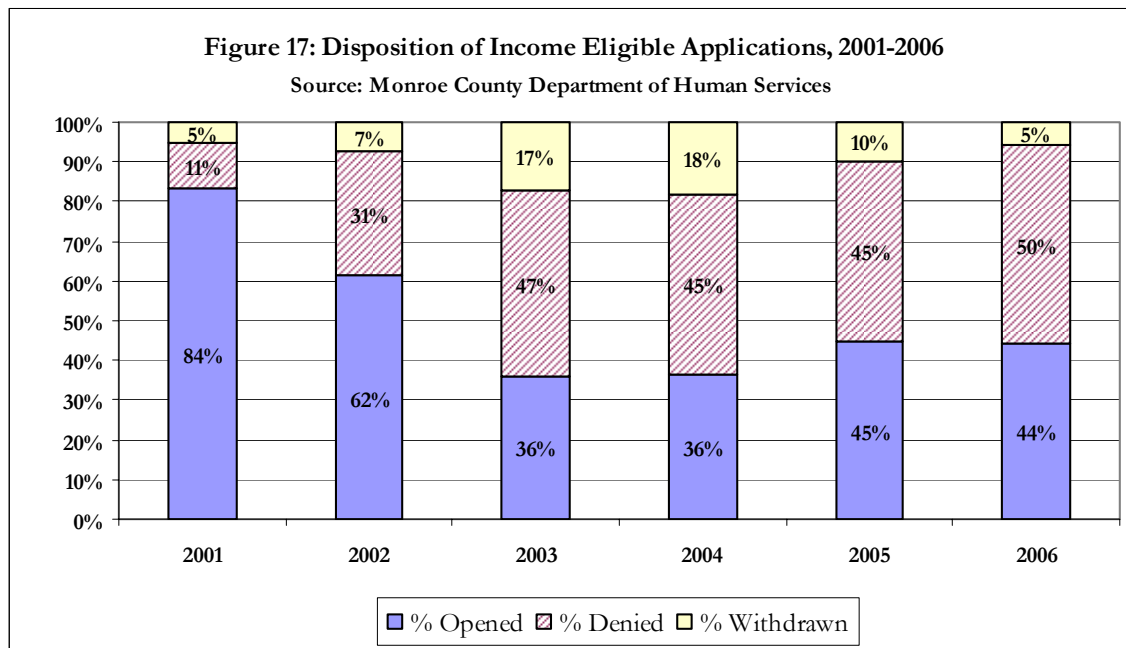
As shown in Figure 16, total applications for income-eligible subsidized care declined significantly after new eligibility requirements went into effect early in 2002.



The number of applications initially declined by about a third in the first year, and applications continued to fall through 2004 before beginning to increase again in the past two years—as partial restorations of the original eligibility level were implemented in late 2005 and 2006. Despite those increases, the number of applications in 2006 remained about 2,000 below the 2001 level.

Applications Reduced and Increasingly Denied

As the number of applications for subsidies declined, the disposition of those applications changed dramatically. As shown in Figure 17, in 2001, almost 85% were opened (approved), with only 11% denied and 5% withdrawn. As the number of applications dropped in subsequent years, denial and withdrawal rates increased as approvals declined.



Subsidy applications declined following introduction of the more restrictive application criteria in 2002, accompanied by a marked increase in the rate of denials from 11% to 50% of all applications.

The rate of *approvals*—applications that were opened with subsidies—declined precipitously from 84% in 2001 to just over 35% of a much smaller number of applications two years later. Since then, in the past two years, the proportion of acceptances has edged back to around 45%, just over half the approval rate in 2001.

The percentage of cases *denied* for various reasons has grown almost fivefold since 2001—having increased from 11% in 2001 to a high of 50% in 2006, due in part at least (according to numerous anecdotal comments) to increasing numbers of denials for lack of willingness on the part of applicants to pursue child support payments (see further discussion below).

Cases *withdrawn* by the applicant for various reasons (not always clear in the records) increased from 5% of all applications in 2001 to 17% and 18% in 2003 and 2004, before declining again to the 5% level in 2006. We were not able in our interviews to determine the reasons for this shifting pattern of withdrawals.

Also, as suggested in an earlier chapter, the introduction of the pilot Childcare Dollars program in 2006 has fallen somewhat short of expectations. Although the pilot program has increased the numbers of children receiving subsidies in the 165% - 274% of poverty range, the numbers of approved applications have yet to reach the original goal. Just under 40% of the applications forwarded to the County through the facilitated enrollment process had been approved as of earlier this spring.

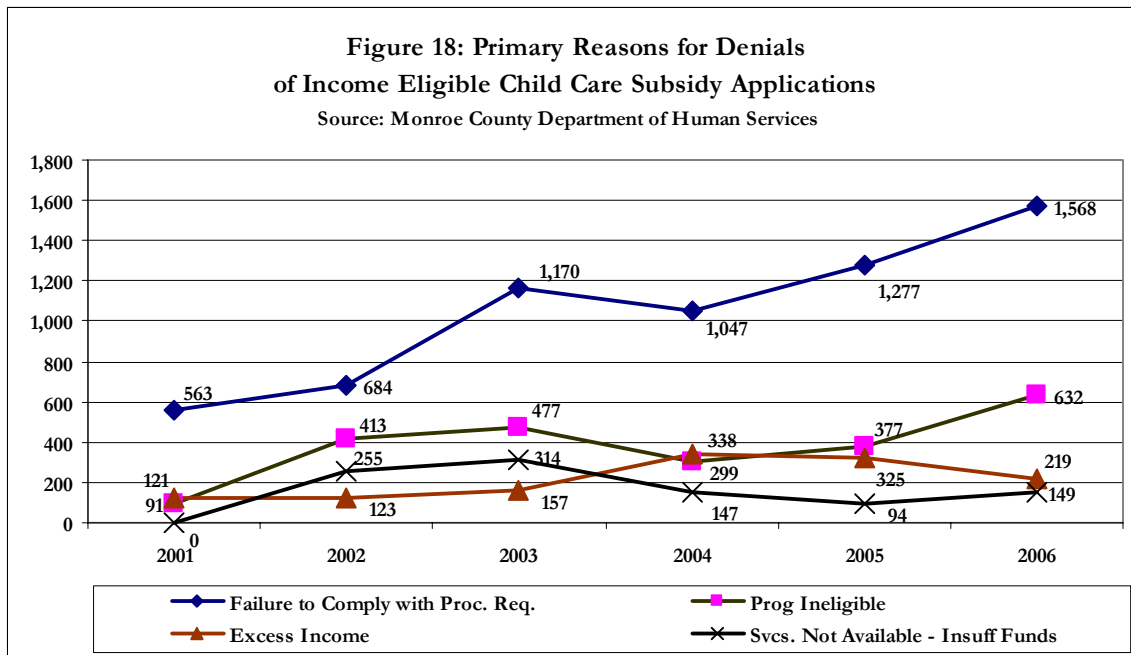
Reasons for Denials

CGR analyzed the reasons for denials stated in the DHS records of subsidy applications. These data are presented with some caution, as some of the categories of reasons for denials appear to be overlapping, and DHS evaluators/screeners do not appear to be completely consistent in the use of reasons for denying applications. Moreover, although there has been concern expressed about the impact of the child support requirement in contributing to application denials, it has only very recently begun to be tracked separately as a stated reason. Nonetheless, caveats notwithstanding, the data provide some useful clues as to reasons why applications are not being approved. Over the past four years, four reasons have accounted for 94% of all denials, according to County records. The following definitions were supplied in a meeting with a DHS official:

- ❖ *Failure to Comply with Procedural Requirements*: No recertification, failure to send in required information to support the application, child support requirement not met (recently started using separate designation for the latter provision).
- ❖ *Programmatically Ineligible*: Parent not working, not working enough hours.

- ❖ *Excess Income:* Income exceeds 200% for transitional cases, exceeds applicable income eligibility level in place (165% at this time) for first time and recertification cases (exception for grandfathered cases).
- ❖ *Services Not Available:* While the State’s eligibility level is for families with up to 200% of the poverty level, Monroe County currently has set its maximum level for subsidy eligibility at up to 165%. Cases that fall between the State and County numbers are denied because “service is not available” and there are “insufficient funds” because of the way Monroe County allocates dollars.

Figure 18 indicates the pattern in numbers of denials for child care subsidy applications since 2001.



The primary reason for denials of applications has been failure to comply with procedural requirements: 55% of all denials between 2001 and 2006. *The numbers of denials for this reason have continued to increase (almost three times as many in 2006 as in 2001), with the*

Most, and increasing numbers of, denials of subsidy applications are for failures to comply with procedural requirements.

proportion of denials for procedural-related reasons increasing to around 60% in each of the past two years. Until earlier this year, child support issues were included in this total, with no ability to separate the numbers of cases denied for this reason. (See further discussion of this issue below.)

About 20% of all denials have been due to programmatic ineligibility, with those numbers about seven times higher in 2006 than they were in 2001. The County is proposing some reductions in work provision requirements that may have the effect of lessening the extent to which this will be a reason for denying a subsidy application in the future.

Denials for excess income more than doubled between 2001 and 2005, before declining in 2006. These have accounted for 11% of all denials since 2001, with reductions in the past two years as higher income thresholds have gradually been restored in 2005 and 2006.

About 8% of the denials have been attributed to insufficient funds due to the upper eligibility level. Such denials peaked in 2003, declined through 2005, and increased again in 2006.

An analysis of County data for denials of Childcare Dollars (CCD) applications through April indicated that about 55% were because of being “Programmatically ineligible,” and about 15% each were for reasons of “Excess income” and “Failure to comply with procedural requirements.” The smaller percentage of procedural denials, compared with the traditional subsidy application process, may suggest that the facilitated enrollment process, with review of applications prior to forwarding to DHS, may help expedite the processing of paperwork and reduce some of the barriers associated with the traditional process (see below). On the other hand, the 60% overall CCD denial rate suggests that other problems are not being weeded out through the expedited process. The expedited enrollment process was primarily designed to have the volunteer enrollers review the applications for completeness

and to ensure that forms are filled out correctly, and not for whether they would meet eligibility standards.

A separate analysis of denials prepared by CCD's facilitated enrollment coordinator indicated (using a different source of data) that the major reasons (each responsible for at least 10% of the denials) were: income under 165%; failure to pursue child support; income over 275%; missing documentation; and co-pay higher than cost of care.

Denials for Failure to Pursue Child Support

As noted above, in numerous discussions the issue arose of the state provision requiring (beginning in 2004) low-income families to actively pursue court-ordered child support as a condition of receiving an income-eligible child care subsidy. The state-mandated requirement applies to all child care subsidy applicants whose children have absent parents. If the applicant does not have a current court order for child support from each absent parent, he/she must apply for child support services through the local Child Support Enforcement Unit. Applicants may apply for a "good cause exemption" for one of three reasons. The extent to which this mandate is enforced varies by county.

Many child care advocates express the fear that this requirement deters families from seeking or maintaining child care subsidies for which they would otherwise qualify. Nearly everyone we talked to on various sides of this issue offered the perception that it has become a major reason for denial of applications, as part of the "failure to comply with procedural requirements" category. However, because the child support reason has, until this year, been lumped in with this larger category, with no ability to isolate it, it has not been possible up to now to quantify the extent to which it has been a unique "knockout" factor on its own.

In the first few months during which refusals to comply with the child support regulation have been separately coded, this has been officially cited in very few cases as the primary reason for denying the application: about 20 cases in the first four months. However, officials suggest that it takes a while before such coding

changes become fully implemented, as evaluators get used to using the new category.

In almost a quarter of denied Childcare Dollars cases, the stated reason involved failure to pursue child support. Similar specific data have not yet surfaced among traditional subsidy applications, though many report that it is a significant factor in denials.

In the meantime, although it may or may not be relevant to the larger application process, it is instructive to examine the initial data related to denials of Childcare Dollars applications. As noted above, a preliminary analysis by Children’s Institute of about 170 denials indicated that child support was the second-leading reason for denials by itself, and was the largest reason in combination with others. More specifically, *in just under one quarter of the denied CCD cases, “failure to pursue child support” was listed as either the primary reason (25 cases) or one of several reasons (15 additional cases).*

At the state level, a survey conducted by the Office of Children and Family Services earlier this spring indicated that just over half of the 46 county districts which responded across the state felt that the child support requirement was working well or very well, with eight districts responding that it was not working well. About a third of the districts indicated that the requirement had resulted in reduced overall child care subsidy caseloads. Two-thirds of the responding counties reported that 10% or fewer of the initial applications for subsidies were “denied solely due to failure to actively pursue child support.” On the other hand, 13 county districts indicated that more than 10% of those applications had been denied for that reason (eight said between 11% and 20%, two indicated between 21% and 30%, and three said as many as 40% to 45%). Eight counties indicated that more than 10% of active child care cases had been closed solely due to failure to pursue child support.

A state survey suggests that the child support requirement is having a significant impact on the numbers of denied subsidy applications in several counties.

The state survey would seem to offer arguments in support of both proponents and opponents of this state requirement. Supporters in our interviews believe that it is the appropriate stance for the state and county to be taking as a means of helping ensure parental responsibility. Detractors note that the requirement, unless it is flexibly interpreted, can make things worse in some cases by forcing legal involvement that may

Child care subsidy and child support objectives often conflict. Some flexibility in interpretation of child support regulations may be required to make accomplishment of both objectives possible more frequently.

undercut informal financial agreements, understandings and relationships with children that parents describe as working and satisfactory. Obtaining court orders can also be frustrating and time-consuming for parents who find it difficult to take the necessary time from work to tend to the needed details.

Whatever the relative merits on each side of the issue, the regulation is reality as it impacts on both the applicants for child care subsidy and those reviewing their applications. What can be viewed as two valuable objectives from a family and societal perspective clearly can and do come into conflict with each other around this issue. *The question for Monroe County officials and child care advocates is whether there are any ways to interpret the regulation and the application process with sufficient flexibility that both objectives can be maximized as much as possible with as little damage as possible to the affected families and existing relationships.*

Co-Payment Issue

An issue raised in a number of our interviews that could impact on the process of applying and being approved for subsidies has to do with the requirement that parents pay a co-payment to the provider to supplement the subsidy paid through the County. For those eligible for a child care subsidy, NYS uses a co-payment formula to calculate the parent cost of child care. While counties are mandated to use the formula, they have discretion as to the level to use, and are able to add a cap, if they wish, to the formula. For example, some counties may choose to add a cap so that families do not pay more than 10% of their total family income for child care. At this time Monroe does not use a cap.

Counties throughout the state thus have vastly different co-payment rates, with Monroe about in the middle. Parents of subsidized children must pay some multiplier of their income over the poverty level as a co-payment to supplement the subsidy. The range is as little as 10% of the over-poverty-level income in a few counties, to as much as 35% in a number of counties. Monroe has at various times set its co-payment level at 20%, 25% and 35% of above-poverty income, with its current level of 25% established

(down from 35%) in 2004 (the County also requires a token co-pay of \$1 per week for parents with incomes *below* the poverty level). As of 2005, a 5% difference in co-pay amounts had a direct impact for a family of three with an annual income of \$33,200 (200% of the poverty level) of \$830 a year, or \$16 a week. (See Figure 19 showing the counties at each level and the impact of the different co-payment amounts.)

The co-pay amount is based strictly on income and family size and is capped at one amount per family, as it is not an amount separately levied against each child. A detailed table in Appendix B shows for varying co-payment amounts at varying income levels what relationship the co-pay level has to overall income of the family. As household income increases, the co-payment is more likely to exceed 10% of the overall household income. Federal child care regulations suggest, though do not mandate, that co-payments should not exceed 10% of the overall family income. The regulations, and many child care advocates, suggest that to exceed the 10% of income threshold is to begin to limit access to child care, even among those receiving subsidies.

From the perspective of Monroe County, the Appendix B table indicates that, with a co-pay of 25% of income over the poverty level, the 10% of total income threshold would be exceeded with a family of three earning \$29,050 annually in 2005—175% of the poverty level. Families earning less than that would be able to pay the County's existing co-pay amount within the 10%-of-income guideline, and families with higher incomes would find that the required co-payment would represent an increasing proportion of the family's total income, up to about 16% of the family income at the 275% of poverty level, the upper limit of the Childcare Dollars range. Realistically, at some point before that level is reached, somewhere around 215% of the poverty level (depending on whether care is full- or part-time), the amount of the co-pay expected to be paid would exceed the actual cost of care, meaning that the County would deny the subsidy application entirely, since the co-pay amount would leave nothing for the subsidy to cover.

FIGURE 19: CO-PAYMENT DISPARITIES BY COUNTY FOR A FAMILY OF THREE WITH AN INCOME OF \$34,340/year

COUNTY	COUNTY MULTIPLIERS	ANNUAL/WEEKLY FEE
<i>In Cattaraugus, Livingston, Otsego and Schoharie counties</i>	<i>parents pay 10% of their income over the poverty level for a child care subsidy</i>	<i>this means they pay \$1717 per year or \$33 per week</i>
<i>In Westchester county</i>	<i>parents pay 15% of their income over the poverty level for a child care subsidy</i>	<i>this means they pay \$2576 per year, or \$50 per week</i>
<i>In Nassau county</i>	<i>parents pay 17.5% of their income over the poverty level for a child care subsidy</i>	<i>this means they pay \$3004 per year, or \$58 per week</i>
<i>In Allegany, Clinton, Columbia, Essex, Fulton, Ontario, Putnam, Saratoga, Schenectady, Tompkins, and Washington counties</i>	<i>parents pay 20% of their income over the poverty level for a child care subsidy</i>	<i>this means they pay \$3434 per year, or \$66 per week</i>
<i>In Albany, Chautauqua, Delaware, Hamilton, Herkimer, Jefferson, Lewis, Madison, Monroe, Rensselaer, Rockland, Schuyler, St. Lawrence, Suffolk, Tioga, Ulster, Warren and Wayne counties</i>	<i>parents pay 25% of their income over the poverty level for a child care subsidy</i>	<i>this means they pay \$4293 per year, or \$83 per week</i>
<i>In Dutchess and Steuben counties</i>	<i>parents pay 30% of their income over the poverty level for a child care subsidy</i>	<i>this means they pay \$5151 per year, or \$99 per week</i>
<i>In Broome, Cayuga, Chemung, Chenango, Cortland, Erie, Franklin, Genesee, Greene, Montgomery, Niagara, Onondaga, Oneida, Orange, Orleans, Oswego, Seneca, Sullivan, Wyoming and Yates counties</i>	<i>parents pay 35% of their income over the poverty level for a child care subsidy</i>	<i>this means they pay \$6010 per year, or \$116 per week</i>

Source: Empire Justice Center • July, 2007

Reduction of the co-pay amount would involve a series of tradeoffs, each with pros and cons.

The amount of the co-pay can be an issue that determines whether some parents decide it is worth it to go through the process of applying for a child care subsidy, and represents one of many tradeoffs affecting decision-making related to child care subsidies. On the one hand, lowering the amount of the required co-pay, and/or limiting the amount to the 10%-of-income federal guideline, has obvious financial benefits for low-income parents. But a lower co-pay amount across the system would mean either that providers would be receiving less reimbursement for services rendered, or the County would be paying a larger share of the reimbursement amount, which would in turn potentially reduce the number of individual children who could be served with available child care funds. It is also worth noting that the presence of a co-payment may induce some parents to avoid formal child care situations because many informal providers do not require the co-payment to be paid.

Perceived Barriers in the Application Process

In addition to issues raised above, other issues surfaced in our various interviews and focus groups that raised questions about the process of applying for child care subsidies. A reminder that what follows are perceptions, without independent verification. Some also reflect requirements of OCFS and not Monroe County, although the County is responsible for how they are carried out. They are summarized below:

- ❖ County DHS is making significant strides to improve the process by which decisions are made about whether a family receives and retains subsidized child care or not. For example, it has changed from a six-month to a one-year recertification process, thereby streamlining the process of maintaining subsidies. It has expanded and streamlined staffing involved in the application review and recertification process. It has expedited the process of making prompt payments to providers. Various other steps have been taken internally to improve the morale, trust, respect and effectiveness of staff, and to help them be more conscious of ways to strengthen their interrelationships with members of the public with whom they interact.

Despite significant steps to strengthen income-eligibility procedures and interactions with the public, concerns remain about the process and how the public is informed about available options. Problems with the application process have clearly contributed to the decline in the numbers of children with approved subsidies.

- ❖ The primary reasons why numbers of children receiving child care subsidies have declined have been discussed earlier in the report, and have primarily to do with the policy decisions to make large categories of families ineligible for subsidies, combined with concurrent changes in the demographics of the community. *But it is also clear that the ways in which the process of informing the public about their options, and the specific ways in which the application process unfolds, have contributed to the declines in numbers.*
- ❖ Even the County's efforts to restore some of the income eligibility level, thereby making eligible for subsidies some of those who had been previously cut off by the 2002 decision, received very little publicity, and seemed to operate "under the radar" for many of those who could have benefited. Several people criticized the County and child care advocates in general (including some of the advocates criticizing themselves) for not collectively doing a better job of making the public aware of the changes and the potential implications of those changes for families with various income levels. The same comment could be made about the introduction and rollout of the Childcare Dollars program, despite the establishment of a facilitated enrollment component of the pilot program.
- ❖ Rightly or not, the perception came through over and over again in our interviews, with many of the same words used by people in very different circumstances, that the application process is perceived to be inflexible, unforgiving, off-putting, unresponsive, disrespectful and arrogant to those forced to deal with it. The perception of the evaluators in their admittedly-difficult role is that they are typically rude, condescending, unfriendly, unhelpful, inflexible, uncaring and not particularly concerned with whether the application is approved or not. The impression is not so much that they are focused on denying the application, but that they do not go out of their way, or even try to meet half way, to resolve an issue in the applicant's favor. Our group interview process on the other hand found the individual examiners/evaluators to be polite, friendly, caring and helpful. It is hard to assess the reality, but given the somewhat-adversarial and at-best-

uncomfortable situation in which evaluator and applicant must coexist, it is not surprising that perceptions of those on the outside would tend to the negative. For whatever reason, the image and perceptions of the workers in the income-eligibility office need attention, given the difficult role they play each day.

- ❖ Some community residents described the County’s process as like a bank, with the officers/evaluators hoarding the resources and not particularly eager to part with them. The impression was also expressed several times that there is little consistency from time to time and from evaluator to evaluator in the process of how decisions are made, and what qualifies in one situation but perhaps not in another.
- ❖ Some described what they viewed as the need for a shift in culture and emphasis within the process of making decisions about applications. Some described what they believed to be a tendency to be prone to deny rather than accept applications, to view the applicant “as guilty until being proven innocent.” This was described by one person as “*looking for the impediments and reasons to deny or find problems to overcome, rather than encouraging the person to find ways to qualify.*” A similar way of making the same basic point: “It’s a subtle shift, but an important one: it’s the difference between saying we want you to qualify if you’re eligible, and let’s find a way to make that happen, versus we’ll enroll you *if* you meet the requirements.”
- ❖ *Paperwork and procedural requirements are universally viewed as onerous, burdensome and more complicated than they need to be, and language on forms and instructions is often viewed as being unclear and unfriendly. Also, the enforcement of the procedural and paperwork requirements is perceived to be unyielding and inflexible.* There is perceived to be far too little “give” in the system or willingness to find flexible solutions to problems, and little perceived indication of a willingness on the part of staff to cooperate with the applicant to help work through any problems in completing the paperwork.

Many expressed a need for a shift in culture and perceived image and approach within DHS to one of encouraging rather than discouraging subsidy applications.

Perceived burdensome paperwork and procedural requirements are combined with little perceived flexibility in the enforcement of requirements.

- ❖ The perception is that the process simply takes too long, with too many delays and backlogs, and that the applicants—and the providers—are often left waiting with no communication for long stretches of time, during which the need for child care and the need for payment to providers continue. *It may be that some of the changes recently made and underway within the Department may do much to eliminate or reduce the magnitude of this problem.*

Parental Concerns About Access to Quality Care

In addition to concerns about the application process that were included in the comments in the previous section, parents also expressed various perspectives on the process of making decisions about the best and most appropriate caregiver for their children:

Parents are often frustrated about the perceived mismatch between the location of convenient child care and the location of perceived quality providers.

Parents need help in determining the importance of high quality services and how to locate them. They also need trustworthy help in the process of negotiating the subsidy application process.

- ❖ In making their decisions about child care, parents find it difficult to balance such factors as convenience and location of the caregiver, costs, quality, safety, reliability, need for flexibility, content/what happens while the child is there, and having their child be happy in the setting. There is often a perceived mismatch between the location of high-quality, good-reputation providers offering services at the hours needed and the reality of where a parent lives and what is convenient. Our data reflecting the disconnects between location of providers and where families live who have children receiving subsidies appear to validate this perception.
- ❖ Parents seem to value having their child in a setting that is not only safe, pleasant and affordable, but also provides high-quality content and offers age- and developmentally-appropriate activities and focus. *But many parents need help in sorting out what is meant by a quality program and helping select a provider considered to be of high quality.* Even knowing what questions to ask and what to observe would be helpful for many parents, as well as knowing where to go to obtain such helpful information.
- ❖ As suggested above, parents often feel in the dark about available subsidies and how to apply for them, and if they do know about them, are often scared off by word of mouth about the perceived onerous and overwhelming process facing them if they decide to apply. They want help from people they

can trust in getting questions answered and in negotiating the system.

- ❖ Several parents are very interested in part-day programs such as Universal Pre-K, but don't consider it because of its short hours and the difficulty of getting the child into a child care program for the rest of the day. They raise questions about transportation or other types of connecting ("wraparound") services needed to make UPK and other part-day preschool programs more viable for them to consider. Some comments were made about the fact that even part of the day spent in such a quality program could make it easier to "settle" for an "informal" provider for the rest of the day, if that was the most convenient arrangement possible.
- ❖ Although the co-pay issue did not surface extensively in the discussions, to the extent it did it was most likely to be in the context of whether the combination of a high co-pay amount with a burdensome application process was worth the hassle.

The bottom line: Parents consistently express the need for help in negotiating the subsidy application process and in determining how to balance options facing them in their choice of child care providers. Improvements are needed in the application process to make it less burdensome and more encouraging, and better communications are needed with parents concerning both the process, eligibility requirements and how to make good child care choices for their children. Changes currently being made at DHS will hopefully help in resolving some of these historically-troublesome issues.

VIII. ALLOCATIONS AND EXPENDITURES

Each year Monroe County receives a Child Care Block Grant (CCBG) allocation from New York. It is split between TANF/Family Assistance, which requires a 25% County match, and Low Income/Income-eligible, which is 100% State-funded. By State mandate, the County each year is assessed a \$4.22 million Maintenance of Effort (MOE) local share, which is typically sufficient to pay the local match for the Family Assistance child care (often with some unspent that gets added to any annual carryover child care “surplus,” or unspent allocations). Each year, CCBG funds (not including any Childcare Dollars funding) typically account for about 88% to 90% of the total child care allocations to the County, with the remainder allocated to Preventive/Protective cases (the County pays a 35% share) and a relatively small amount (several hundred thousand dollars in recent years) to Title XX cases (the local share of which is 100% of any expenditures in excess of the State allocation).

The focus of this study has been exclusively on the CCBG allocations and the children served with those funds, with an even sharper focus on the income-eligible portion of the grant. In recent years, between 57% and 60% of each year’s actual expenditures under the grant have been for income-eligible children, and the average expenditure per child has averaged about \$1,000 per child per year more for income-eligible children than for those on Family Assistance. The average annual subsidized income-eligible expenditure has ranged in recent years between about \$4,500 and \$4,800 per child.

Child Care Allocations and Expenditures Decline, Surpluses Increase

As indicated in Table 21, since the 2004-05 State fiscal year, Monroe County’s annual block grant allocation for child care has been declining, consistent with the reduced numbers of subsidized children in response to the lowered income-eligibility level implemented in 2002. As the State allocations have declined, so have actual expenditures, and each year the County has maintained

County child care allocations from NYS, and actual expenditures for subsidized care, have been declining, while annual unspent allocations amounts have increased to about \$5 million currently available.

an annual surplus of unexpended funds which are available for carryover by the County into the next year. At the end of the State fiscal year in March 2007, the County's child care surplus, or unspent allocations, had grown to just over \$5 million.⁸ This amount can be carried over to the next year, but, should the County choose to do so, the existing unexpended resources from 2006-07 of about \$5 million appear to be available for spending in various ways, such as, for example, increasing reimbursement levels to providers and/or increasing the numbers of children approved for child care subsidies (see further discussion later in the chapter).

Table 21: NYS Child Care Block Grant Allocations to Monroe County, Annual Expenditures and Unspent Allocations, SFY 2002-03 through 2007-08.

NYS Fiscal Year	NYS Allocation	Actual Expenditures	Unspent Allocation*
2007-08	32,335,289	Incomplete	Incomplete
2006-07	32,335,289	32,025,503	5,201,210
2005-06	37,535,289	34,791,241	4,891,424
2004-05****	38,265,947	38,119,693	2,147,376
2003-04***	36,712,947	37,117,593	1,926,471
2002-03**	20,375,520	18,138,403	2,237,117

Source: Local Commissioners Memorandums issued annually

Chart based upon State Fiscal Year: Actual expenditure and unspent allocation totals differ from annual figures reported in County's Day Care Expense Projections, which are based on County's calendar based fiscal year and which report surpluses as of September of each year.

*Unspent Allocation includes carry-over from previous year.

**Represents 6-month Allocation & Expenditure 10/1/02-3/31/03. Full-year data not available.

***Unspent Allocation includes \$94,000 addition for MOE adjustment.

****Unspent Allocation includes \$74,651 addition for MOE adjustment.

⁸ Note that the expenditure and unspent allocations amounts shown in Table 21 differ from annual figures reported in the County's Day Care Expense Projections summaries periodically distributed by the Department of Human Services. Both sets of numbers are correct and based on the same data. The County data are presented on a County annual fiscal year basis, and the surplus, or unspent allocations, is calculated as of the end of September each year, whereas the figures reported here are based on the State's April – March fiscal year, with the surplus calculated at the end of that fiscal year.

Monroe Allocations Down, Most Other Counties Are Up

Most large and urbanized counties, as well as most of all the state's counties, have increased child care allocations in recent years, while Monroe County's allocations have declined.

Our research indicates that Monroe County is one of only four counties throughout the state that has not maintained New York's maximum 200% of poverty level as the maximum level for eligibility for child care subsidies. Monroe and three other counties are the only ones to lower the maximum levels to 165% or 175%. Moreover, a comparison of current CCBG allocations by county with the 2001-02 and 2002-03 allocations indicates that Monroe has been headed in a different direction than most other counties. Over that period of time, *about three-fourths of the counties throughout the state have experienced increased child care block grant allocations, while Monroe's allocation has declined during that time.*

In comparison with six other large and/or urbanized counties in the state (Albany, Erie, Nassau, Onondaga, Suffolk, Westchester), Monroe's allocations from NYS have gone in a different direction from most. Although some of the counties have fluctuated up and down over the past several years in annual allocations, the overall directions have been consistent: five of the six comparison counties have higher allocations for 2007-08 than they did in the early years of the decade, compared to the decline in Monroe County.⁹

Provider Reimbursement Levels Set Below Market Rates

Child care advocates and providers have raised concerns for years that Monroe County has fallen behind in its reimbursement rates to providers serving subsidized children. The State is required by the federal government to periodically conduct a market rate survey and set rates that are sufficient to ensure equal access for eligible families to child care services comparable to those provided to children whose parents are not eligible to receive assistance. The actual County reimbursement rates have been consistently lower than published market rates set by the State. Further concerns have been expressed that local reimbursement levels are not updated on a regular basis. The last increases in

⁹ We also sought to find a reliable source of comparisons of trends in numbers of subsidized children in child care over time for each county, but were unable to find such data on our own or in consultation with DHS officials.

local reimbursement rates occurred in 2004, when child care centers received a 9% increase, the first in several years, and licensed and registered family home providers received a 4% increase. Providers are concerned that the low reimbursement rates, compared to market rates, make it harder to pay qualified staff and to maintain quality-level programming.

County officials respond that they do pay close to if not actual market rates for those providers that have received accreditation from national or state accrediting bodies—and that they attempt to use the differential “bonus” or “incentive” rates as a means of encouraging quality and motivating providers to seek accreditation as an indicator of quality programming and meeting state and national standards in the provision of care. Incentive reimbursement levels are also used with legally exempt providers who complete specified amounts of training.

Clearly this creates a classic chicken and egg scenario. In order for providers to become accredited, they are required to meet certain criteria, including hiring quality staff (defined in part by having bachelors degrees or better), but in order to hire quality staff, providers need more money. Providers are often caught regardless of the incentives that are available with not being able to afford to raise their standards.

Alternative Uses of Additional Child Care Funding

Given the existence of at least two million dollars in surplus, or unspent allocated child care funds in each of the past several years, and closer to \$5 million or more in the past two years (depending on the point in the year when the surplus is calculated), it seems reasonable to posit possible ways of spending such unspent carryover resources. One strategy would be to continue to roll over surplus, unexpended funds as in previous years, but that has no demonstrable effect on improving the child care system or bringing more people into it. Other than such a continuation of past rollover practices, several alternative approaches might be suggested, each viable in its own right, either on its own or in combination. Other suggestions may be equally viable, but the

following seem particularly justified given the findings from this research effort:

- ❖ As suggested in Chapter IV, up to 1,000 additional children could be subsidized through the income-eligible program, at an annual additional cost of about \$4.5 million—less than the current carryover unspent funds available to the County. Special efforts to bring this many additional children into the system would return the County to approximate earlier levels of proportion of child care needs met, and could occur at no net cost to County taxpayers, as all of these additional income-eligible children would be covered under the low-income, no-local-cost portion of the Child Care Block Grant.
- ❖ Limited funds might be used to establish and strengthen outreach/decentralized ways of expediting access to the application process for parents seeking subsidized care, as a means of breaking down some of the barriers noted in the previous chapter.
- ❖ Reimbursement rates to providers could be increased to State-established market rates for all regulated providers. CGR did not have access to the information necessary to calculate the costs of making such adjustments throughout the system, but we have been assured by several knowledgeable people during the study that such an increase could be absorbed within existing resources, without any additional local costs. If so, such increases would of course need to be built in to future budget projections sent to the State.
- ❖ Excess funds could be spent, at least in part, on ways of strengthening the quality of providers throughout the system. This could mean encouraging additional centers and regulated home care providers to seek accreditation and other forms of quality improvement. Funds could also be used to provide incentive reimbursement levels over and above proposed increased rates to further incentivize providers demonstrating the quality of their services in various ways.

- ❖ Given the need for linkages between part-day pre-kindergarten and preschool programs and full-day child care, consideration might be given to ways of expanding transportation, co-located services and/or other means of providing wraparound services to enable more children to take advantage of part-day quality educational programs while still accessing rest-of-day child care, without disrupting parental work schedules.

Clearly these and other potential alternative uses of available dollars represent choices and tradeoffs. Presumably not all of these initiatives could be undertaken in full, or if any were, they would be at the expense of others. Priorities would need to be carefully established. But it may be that significant portions of several such initiatives could be undertaken with existing resources, if carefully planned. Moreover, the County and other partners might be in a position to add local resources to some of these options.

Monroe County appears to have the need, and the opportunity, to partner in reinvesting surpluses of unspent allocations in child care dollars in a number of possible ways that could individually or collectively significantly strengthen the quality and impact of the child care delivery system.

Most strategies for reinvestment of funds could be undertaken, we believe, and thereby establish a new, higher baseline of expenditures to take to the State in requests for expanded CCBG funds in subsequent years. Analysis of the shifting pattern up and down of child care allocations in other counties in recent years suggests that there is considerable flexibility available to Monroe County in the level of funding it requests from the State from year to year. *The results of this study present an opportunity for County officials, advocates and other funders to strengthen partnerships with each other and with the State to better use existing funds, and in the process to establish a baseline for increasing future funding, to better meet the needs of both children and child care providers throughout the community.*

IX. CONCLUSIONS AND RECOMMENDATIONS

More than 12,000 Monroe County children 0-12 currently need child care, live in working poor families, and are not receiving subsidized care for which they are potentially eligible. Most of those children, their parents and the parents' employers would benefit immediately and long-term from increased enrollment in quality child care settings.

This community is blessed with dedicated leadership, advocates and a strong network of child care providers committed to providing quality child care to its children. It also has a carryover surplus of several million dollars in unspent dedicated child care funds that can be invested in strengthening the existing system to reach more children with quality care.

More than 12,000 children 0-12 in Monroe County are currently in need of child care, live in working poor families below 200% of the poverty level, and are not receiving subsidized child care for which they are potentially eligible. If large numbers of those children consistently received high-quality, developmentally-appropriate care, research indicates that individual children and society would benefit in both the short- and long-term, with significant savings and avoided costs resulting from targeted investments in quality child care. Additionally, parents and employers would benefit from increased productivity and work stability.

However, much must be done to identify and reach even a fraction of these children, approve them for subsidies, and enroll them in quality child care settings. Efforts are needed (1) to better inform parents of options and opportunities to access quality care and obtain subsidies for their children, (2) to strengthen the process by which children are approved for subsidies, and (3) to strengthen the quality of all segments of the service provider network throughout the county.

Fortunately this community has a wealth of resources in place to tackle these issues and develop appropriate partnerships and solutions. The resources that serve as building blocks for community action include leadership committed to children and quality child care in the governments of Monroe County and the City of Rochester; the United Way; Rochester Area Community Foundation; advocacy groups such as The Children's Agenda, Rochester's Child and the Early Childhood Development Initiative; the Literacy Commission and Education Leadership Council; schools and numerous additional dedicated advocates and child care providers. In addition, the community begins at this juncture with a carryover surplus of several million dollars of unexpended targeted child care funds that can be directed to addressing unmet needs throughout the community.

The process of addressing these issues must begin with more effective use of these available resources and building/strengthening partnerships at the local and state levels to expand those resources over time. CGR offers the following recommendations to help guide the necessary process of change, building on the strong foundation of resources and a strong child care system already in place. The recommendations are intended for consideration by NYS, Monroe County, the city of Rochester, schools, child care advocates and providers, the business community, policymakers, and the larger community of concerned citizens.

Use Existing Carryover Unspent Funds Now

Carryover surplus unspent child care block grant funds should be used to increase provider reimbursement levels and/or increase the number of subsidized kids in the county.

- ❖ ***Monroe County should commit to spending its carryover unspent child care block grant funds as an investment to strengthen the quality and impact of the child care delivery system, beginning this year.*** With about \$5 million of carryover unspent funds available at this time, and with this study providing several bases for action based on data and trends current as of this spring, the time is right to take action to maximize the impact of these significant resources. Not only does it seem strategically smart to spend the money to address documented needs, but it also seems to make an important statement to the community, its children and its employers that the County is willing to make this investment in the future. *By spending the money now, the County reduces the potential for further reductions by the State in the County's child care block grant allocation, and it begins to establish a higher baseline on which to build anticipated larger requests for needed funding in subsequent years.*
- ❖ ***The carryover surplus unspent funds should be used to either (1) significantly expand the numbers of children receiving subsidized child care, or (2) increase reimbursement rates for regulated providers to match State-established market rates, or (3) a combination of both.*** Several alternative approaches for spending the unused funds were outlined in the previous chapter, but these two stand out as the preferred options. Either or both could begin to be implemented this year, with relatively little preparation, and individually or in combination they could have significant

impact across the child care system. The reimbursement option could have an immediate impact on the stability, morale and quality of staff and child care offered by providers across the system, and the subsidy option could potentially bring hundreds of additional low-income children into subsidized child care, many in higher quality settings than those to which they are currently exposed. Some combination of the two options may make sense if resources allow, in order to update the provider reimbursement system for the first time in three years, and to use any additional funds to begin the process of expanding the numbers of subsidized children, a process that can continue in subsequent years as new funds become available.

NOTE: Since the circulation of the initial draft of this report in July, including the recommendations above, we are pleased to note that Monroe County has advised the child care community that as of August 1, steps are being taken to use the unallocated carryover resources in ways consistent with the first two recommendations.

- ❖ ***The County and child care community should develop a strategic plan for an expanded State allocation of additional child care block grant funds, beginning in 2008-09, based on the expanded baseline to be established this year with the first two recommendations.*** With a combination of recommended higher reimbursement rates to be put in place this year, an anticipated increase in children receiving subsidies, and a strategic plan for strengthening the system to be developed based on needs identified by this study (see section below), the County should be in a strong position to convince the State of the rationale behind, and the significant value to the community of, an expanded future investment in child care funding in the community in future years.
- ❖ ***The upper limit for eligibility for subsidized child care should be reset at the 200% of poverty level (up from the current 165% level), consistent with nearly all other counties in the state.*** Restoring the upper eligibility limit to

The County should return to the 200% of poverty level as the upper limit for eligibility for child care subsidies. Childcare Dollars eligibility levels should be adjusted to cover the range between 200% and 275% of poverty.

its pre-2002 level would move more eligible children into the regulated child care system, and would enable quality child care to be provided to a greater number of working-poor families, thereby helping to provide greater stability and productivity to more jobs and employers in the local economy. Below the 200% of poverty threshold, an estimated 12,000 children are in need of care and potentially eligible for subsidies. If this recommendation were to be implemented, it would presumably also mean that the Childcare Dollars eligibility range would be adjusted to cover applications for 200% to 275% of the poverty level.

Build Strategic Partnerships to Strengthen the Child Care System

- ❖ *The community's political leadership, key funders and child care advocates should come together in partnership to develop a strategic action plan to address the issues raised in this report and other issues of concern to the child care community. The group should set priorities and develop immediate and longer-term action steps and resources necessary to implement the needed actions over the next three to five years, including the development of anticipated budget requests to be made to the State.* This process should determine what the implications of future changes are likely to be for future requests from the State block grant, as well as what additional local resources may be needed. Roles of various sectors of the local community such as the United Way, foundations, school districts and business sector should be spelled out, as should a potential partnership with the State.
- ❖ *The strategic planning process should develop an agenda for an ongoing partnership with the State to advance local child care issues in ways that could have implications for counties throughout the state.* With its history of leadership around child care issues statewide and nationally, Monroe County is in a perfect position to combine that historic leadership with the development of a comprehensive plan for strengthening access to quality child care locally, based on the new research, and parlaying that into a proposed strategic partnership with the State and perhaps other counties to

develop approaches and practices that will not only meet local needs, but also have replication potential for other counties.

- ❖ ***This child care strategic partnership should be carefully coordinated with other local efforts addressing at least portions of the same agenda, including the Mayor’s Literacy Initiative and the Education Leadership Council.*** With finite resources—both financial as well as volunteer leadership—it is crucial that these efforts be carefully coordinated to determine and create synergies and ensure that local and State resources will be maximized to create the greatest potential good for the entire community, without duplicating efforts.
- ❖ ***The proposed strategic partnership should work both with the local business community (presumably in conjunction with the Rochester Business Alliance) and with State officials to consider ways that child care could become a key component of economic development planning at both the local and State levels.*** It should be in the mutual interests of the child care and broader business communities to work together. The impact quality child care can have on the business community and its productivity, and on the potential stability and attractiveness of the work force, should be addressed. Implications for local and State policies and practices, within both the child care and larger business communities, should be articulated, including specific ways that the different sectors can work together and be supportive and complementary of each other.
- ❖ ***Increase reimbursement rates for subsidized children to market rates this year, followed by bi-annual adjustments tied to updates of the State’s published market rates every other year.*** Assuming the implementation of reimbursement increases this year, as recommended above (and based on County proposed actions as of August 1), it would be important—for the stability of the system and its ability to maintain continuity and quality of staffing and programming—for these increases to become routinized by linking them to the publication of updated State market rates. Providers, like any

Strengthen the Quality of Child Care Providers

other business, should be able to factor into their budget planning such regular rate adjustments, rather than being uncertain from year to year and/or not being able to make salary adjustments needed to attract and retain effective staff.

- ❖ ***The County should continue supplemental funding to enable it to continue to provide incentive funding over and above the adjusted subsidized reimbursement rates to reward and help motivate providers to seek accreditation and/or demonstrate other evidence of maintaining high quality standards.*** Monroe County was among the first in NYS to provide an accreditation differential and continues to use incentive funds to reward quality providers. The incentive funds should be used to supplement reimbursement levels set at market rates, so that incentives continue to be provided to encourage improvement and maximize quality within the system. (The current differential rate is 15% for accreditation and 10% for informal providers, based on 10 hours of annual training.)
- ❖ ***Consistent with the emerging community effort to strengthen the literacy levels of the local population, with its particular focus on young children, targeted efforts should be devoted within the child care community to promoting and strengthening provider ability to provide quality content as part of routine child care activities.*** As noted above, any efforts along these lines should be carefully coordinated with efforts of the Literacy Initiative. Child care providers should be a key part of the front-line focus on strengthening literacy among young children throughout the community, with priority focus within the city, consistent with the Literacy Initiative's prime target area.
- ❖ ***Efforts should be continued and expanded to provide training in child development and enhanced quality programming across all types of providers.*** This community has historically developed a strong network of professional development training and support in early childhood education and child development, involving the Child Care Council, RCN and the family child care satellites,

Targeted efforts should be undertaken to strengthen the literacy focus among child care providers.

Monroe Community College and Empire State College. To the extent that roughly 25% - 30% of the subsidized children in the county receive child care services from regulated family or group family home care providers, it is especially important that as many as possible receive enhanced training in preparation to routinely provide the highest possible quality of services.

- ❖ ***The County should strongly encourage, if not mandate, that Legally Exempt child care providers be required to formally affiliate with the Child and Adult Care Food Program (CACFP), thereby qualifying for nutritional support for enrolled children while also receiving three monitoring visits per year.*** The County proposed this mandate (for all who are not exempt from such provisions for various reasons related to whom they serve) in its comprehensive plan presented to the State, but this provision has not yet been approved, because of the absence of any implementation plan. The County and child care advocates should work together to develop an implementation plan that would be submitted for approval to the State. Some concerns have been expressed that imposing more requirements may scare some of these informal providers out of the child care business because of additional paperwork and other administrative requirements. However, it could be argued in response that these providers are now only minimally regulated by State standards which are far less stringent than licensing or registration—and are on balance relatively less likely as a result to offer quality services held to any State or local standards—so that if they are unwilling to subject themselves to modest monitoring requirements, it may be just as well that they not remain as providers of subsidized care service.

With such a high proportion of subsidized children receiving child care from Legally Exempt providers, it is important that they be mandated to enroll in CACFP, so that at least some monitoring of services will be required. CACFP monitors should be required to provide at least some monitoring of quality standards as part of their audits three times a year.

Between 40% and half of all TANF and income-eligible children in subsidized child care are served by “informal”/ Legally Exempt home care providers. *They are by far more prevalent in nearly every city sector than any regulated providers, so it becomes increasingly important to have as many of these providers as possible receiving as much training, supervision and development as*

possible, in order to improve the quality of the services they offer. The CACFP monitoring does not emphasize quality issues per se, but the role of CACFP monitors should be expanded to include more comprehensive evaluation of quality as part of their three-times-a-year visits, so that at least some minimal level of quality monitoring, with recommended improvements, occurs each visit. Monitors should be objective, third party reviewers with no vested interest in the outcome of the audits. Any quality concerns should be raised and recorded, and corrective actions tracked to see over time if the audits are having any impact on improving quality of services. With no local costs involved in CACFP, there would appear to be little to lose and potentially at least modest gains associated with mandating that the Legally Exempt providers must enroll with CACFP in the future. If they do not enroll, the County should consider withholding any incentive portions of their reimbursement from such providers.

- ❖ ***The State and County should consider ways of assessing the impact of co-payments on the child care choices parents make.*** Because of the presence and amount of co-payments, and the potential impact they can have as incentives or dis-incentives for parents to choose particular types of providers, and the relative absence of data concerning the nature of such impact, the State and County may wish to consider collaborating on pilot projects to assess the impact, if any, co-payments have on decisions parents make about their child care provider. Efforts to be tested could include targeted education efforts to make clear to parents that co-payment amounts do not go up if they choose certain types of providers, such as accredited centers or family in-home providers. The potential impact of capping co-payments at 10% of overall income could also be assessed, as could the impact of limiting or waiving co-payment amounts if certain types of child care choices are made. Any such approaches to be assessed could be implemented as pilot projects by the County or by the business community, with an assessment built in to determine what impact the approach has on actual decisions, and how satisfied the parent is after making and

living with the decision. Such a pilot test would also enable an assessment of whether DHS could easily monitor and separately track cases for reimbursement purposes, or whether it would be an administrative nightmare to process cases on a differential basis from routine cases.

- ❖ ***The County Executive and appropriate State officials should sponsor community awareness campaigns to promote the importance of quality child care and the types of factors parents should consider in making their child care choices, including what research says about the implications and impacts of various types of choices.*** If parents are to receive guidance in factors to consider in their decisions (see next section), messages need to be conveyed publicly and clearly as part of a consistent campaign designed to at least make parents conscious of the types of questions they should be raising and issues they should consider in their decisions.

- ❖ ***As a means of enhancing the possibility of more parents choosing to enroll their children in UPK or other part-day preschool programs, the community will need to find ways to provide more “wraparound” or transportation or co-located services to enable children to get from these programs to full-day child care without forcing parents to leave work to make the transition.*** UPK programs in particular continue to be undersubscribed locally as well as statewide, compared to available resources, and often the reason is the absence of such connecting services. Such part-day programs often provide high quality services at no cost to parents, which could offer a helpful high-quality balance to an informal child care provider that the parent may choose for convenience’s sake, but it can only work in many cases if direct linkages such as a common location or some level of transportation can be offered without disrupting the parent’s work schedule. Perhaps a consortium of local businesses, possibly organized through RBA, could find a way to underwrite the costs of such wraparound services on a pilot basis and monitor what impact it has on parental decisions to enroll the child in such part-day programs, and also what

impact it has on stabilizing employee satisfaction and productivity, with the worries of interim transportation removed. The State and City School District may also need to consider whether half-day UPK programs adequately meet the needs of their customers, and whether a full-day program, using child care funding to cover the balance of the day, may be more consistent with community needs in the long run.

❖ *Efforts should be undertaken to minimize or counteract the implications of the significant imbalances between concentrations of informal caregivers in city neighborhoods with high concentrations of subsidized children, on the one hand, and concentrations of child care centers in suburban neighborhoods with low proportions of subsidized children.* Solutions are not likely to be easy, but the County, advocates and providers should consider creative use of some transportation, co-location of services, creation of satellite programs, and creative use of child care programs in schools, especially as new or remodeled schools are built in the city over the next few years.

Help Make Parents Better Consumers of Child Care Services

❖ *Many parents say they need to be educated more effectively about the factors they should consider in making decisions about the best child care options for their children. In addition to obtaining information from organizations such as the Child Care Council and satellite offices working with family care providers, or similar advocates of quality child care, parents need to be able to obtain information about quality care, and the types of questions they need to raise before making decisions, from places and persons they trust.* This may mean having information about the importance of quality care and the impact it can have placed in various strategic places such as pediatrician offices, grocery stores, libraries, places of worship and other places frequented by parents of young children. Finding ways of having professionals such as pastors and pediatricians educate themselves about the long-term benefits of quality care, so that they can be advocates in appropriate settings with parents, may also be helpful. Home visitation

programs and human resource offices can also be helpful vehicles for providing such information to parents.

- ❖ ***The County should also use similar resources to provide information about any changes in eligibility for child care subsidies in the future, and about how to engage in the application process.*** Using community resources other than just going to DHS to help parents understand the application process in advance, and to have a community resource available to get some questions answered before appearing at DHS, could be helpful in reducing the stress associated with the process.
- ❖ ***The Rochester Business Alliance should be approached to spearhead an effort to enlist corporate sponsors to help promote in the worksite setting (1) the advantages to employees of placing their child in quality child care settings, and (2) ways of accessing subsidies to cover much of the costs.*** Child care advocates can make the hard-nosed business case for why employers should be concerned, based on empirical research evidence cited earlier in the report. Employers would benefit from having fewer disruptions at work related to child care, and workers would understand that their employers are helping to provide valuable information to them, thereby helping create more satisfied and productive employees. Some employers might be willing to consider offering some types of incentives to employees who enroll their children with providers offering services meeting various quality standards. Employers' human resource offices can play an instrumental role in such efforts.
- ❖ ***Efforts are needed, in conjunction with priorities being established by the Literacy Commission and Education Leadership Council, to expand literacy components of home visitation and early intervention programs such as Nurse-Family Partnership and Women, Infants and Children.*** By emphasizing the importance of literacy, and helping train parents in ways of promoting it in their interactions with their children, seeds can be planted that carry over into mindsets that can help shape subsequent decisions

Strengthen and Streamline the Subsidy Application Process

about child care providers and what to look for in considering different options.

A number of recommendations are made to make the process of applying for child care subsidy approval more user friendly and efficient:

- ❖ *The County should continue its promising efforts to change the culture, or at least the perceived image, of the DHS screening process from one of appearing to discourage applicants and denying applications on procedural grounds to one of encouraging applicants and attempting to find solutions to problems with the application wherever possible.* In many cases the procedural problems or absence of key information may be un-resolvable, but in many other cases it is likely that a willingness to work with an applicant, and to be flexible in what is allowed, could make the difference between accepting and denying an application. County DHS officials are in the midst of an extensive effort to change the culture and procedures used in the application process, and they should be encouraged in these efforts. The County should also build in a mechanism for tracking the impact of this effort, to determine what difference it makes on improving the overall application process and its outcomes.
- ❖ *Streamline and simplify to the extent possible the paperwork requirements of the application process, and make the forms and process easier to understand.* It seems likely that some of the forms currently required could be scaled back, simplified or eliminated without jeopardizing the integrity of the application process. Also, much of the language in the forms can be made less formidable, less bureaucratic, and friendlier in tone. The State OCFS mandates many of the forms in use by the County, but counties have some flexibility in how information is requested via the forms, and also have the ability to suggest modifications to the State. Providing as much “helpful information” as possible to aid the applicant should be encouraged. To the extent feasible, the

County may also wish to consider the possibility of at least partial on-line applications.

- ❖ ***Helpful explanations of the application process should be written in easy-to-understand language and placed in various accessible and often-frequented places such as libraries, grocery stores, pediatrician offices, places of worship, community centers, human resources offices, etc.*** These materials should explain in simple language who is eligible for subsidies, what needs to happen to qualify, what forms are needed, how much time to expect at an initial meeting, and other useful information that an applicant should know in advance of starting the process.
- ❖ ***The application process should be decentralized as much as possible, either by getting DHS examiners/evaluators into community settings periodically to meet with applicants and/or by having community-based facilitators hired by DHS and/or provided by community organizations to help expedite the process in community settings more convenient and accessible to applicants than the central DHS offices.*** Getting evaluators into the community may help break down the foreboding image they are perceived to convey to many applicants. A different tone may be established in a community setting. (If to make this possible additional staff are needed, the County should consider using some of its child care administrative dollars to hire them in order to help expedite the application process.) In addition, or in lieu of that, community-based persons contracted with by the County to operate in various convenient settings may be able to do much to explain the process, pull necessary forms together, and anticipate the types of questions to be asked and what the appropriate response should be, and so on. This function may be somewhat like the facilitated enrollment process overseen by Children’s Institute for the Childcare Dollars process, except that this recommendation envisions that function applying to the overall subsidy application process and not just CCD. In addition, the process would involve professional paid staff, rather than CCD’s emphasis on volunteers. Either way—

To make the application process more accessible and cause less disruption for applicants, as much of the process as possible should be decentralized, via use of outstationed DHS staff and/or community-based staff hired to work with applicants in community settings.

through contracted community-based persons helping to expedite the application process or by having DHS staff out stationed in the community, perhaps in different rotating locations, at least on an occasional basis—*having a presence in the community which makes it possible for the application process to occur closer to home, with less burden to the applicant, could go a long way toward sending a more accessible, less bureaucratic and more friendly image about the process to otherwise-nervous and uncertain applicants.*

- ❖ ***Any future changes in eligibility requirements should be widely publicized through the media and various community outlets in language that makes clear the implications for people of various family sizes and income levels.*** In the past, changes in the eligibility requirements seem to have been made with little public awareness of the changes, and even less understanding of how they applied to specific people and circumstances. For example, instead of saying that a change applies to incomes above or below certain percent-of-poverty levels, materials should give very precise information about actual income amounts and thresholds for families of various sizes, and what the implications are for different numbers of children needing subsidized care (including the co-pay requirements and how those apply to one vs. multiple children). Such an approach should be implemented this year if the recommendation to restore the eligibility level to 200% of poverty is implemented.
- ❖ ***The County should in the future more carefully track reasons for denials of applications, including specific focus on the extent to which reluctance or refusal to sue for child support leads to the denial. Information should be maintained more consistently about specific forms or types of information that were missing, or specific barriers or procedures that caused problems.*** Instead of using broad categories that often hide useful details about reasons why an application was denied, as much detail as possible should be recorded, and periodically analyzed to see if there are any major patterns in the data that suggest particular types of roadblocks that could be eliminated or streamlined in the future to make the application process easier to negotiate.

Such information should be compiled routinely and shared with child care advocates and policymakers.

- ❖ *DHS should work with child care advocates to seek to find ways to treat failure to pursue child support cases with as much flexibility as possible, given individual case circumstances, in order to limit the numbers of such cases that must be denied for that reason.* When extenuating circumstances exist and there are clear reasons why pursuing a court order to force payment is not in the best interests of the parties, there should be sufficient flexibility built into the system to keep the subsidy application alive without automatically denying it because a procedure was technically not followed.
- ❖ *To the extent possible, transitions from TANF child care cases to income-eligible cases, and from income-eligible to Childcare Dollars, should be made automatically via computer or routinely by the screener as soon as one case is closed, to minimize the risk of having the case opening delayed, or even fall through the cracks and not get activated during the transition period. What happens to such cases should be carefully monitored and publicized in the future.*
- ❖ *If annual allocated child care funds have been expended at any point in the future and eligible cases cannot be funded, the County should consider establishing a waiting list to revisit when funds become available again.*
- ❖ *We understand that consideration is being given to having some Child Care Council support staff merged with DHS screener staff in one location. This seems to make sense and should be encouraged. Selected databases of the two agencies should also be linked, where appropriate, to enable more careful assessment of where services are being provided and by whom, and if there are some providers which prove more problematic or have more cases open and closed more frequently than others. More accurate data could also be maintained*

concerning patterns of which types of providers in which geographic areas are more and less likely to serve children on subsidies, and how those patterns change over time. Closer working relationships between the two organizations, and increased sharing of data, should enable better management of the subsidized child care process, and a better ability to diagnose any problems or patterns involving providers that need to be addressed.

Define and Act On Future Research and Data Needs

Throughout the research and analysis process, CGR became aware of a number of questions that could not be answered by the data available at this time. In some cases, data need to be maintained or analyzed in different ways in the future. In other cases the data exist to do helpful analyses and the requests simply need to be made to activate the analyses. In the future, special surveys or follow-up tracking of cases are likely to be needed to enhance the data that is available. What CGR believes to be the most potentially fruitful of these for management and evaluation purposes are summarized below:

- ❖ *Any pilot projects established to test the impact on a trial basis of any new initiatives should have a built-in data collection and mini-evaluation component in order to determine if the desired effect is obtained.* Pilot projects should be established over a long enough period of time to assess their true impact after any “bugs” are removed from the procedures, but they should not go on so long that they become institutionalized before their impact can be fairly assessed. Most pilots of procedural or administrative changes would not need to be carefully tested with sophisticated research questions and techniques. Careful data collection designed to answer the key policy questions posed by the pilot project should enable the research and policy questions to be answered fairly easily without a prolonged or overly complex test period in most cases.
- ❖ *Ideally DHS should attempt to track for samples of applicants what happens to those who are denied eligibility for subsidized child care, or whose applications*

are withdrawn. Having some idea of what happens to them in terms of their work situation, alternate child care arrangements, and impacts on other family members could provide useful information to help assess the implications, positive or negative, of denying eligibility for various reasons. Such information, matched against reasons for denials or withdrawals of applications, could help DHS assess whether cases denied for various reasons wind up making satisfactory alternative arrangements despite the denial, or whether more negative consequences may have occurred. Any patterns over time may suggest either confirming or rethinking the value of making certain types of decisions during the application process.

- ❖ *Similarly, it would be helpful to know what happens to child care cases when their TANF case closes and they do not transition to an income-eligible case. We know from our analyses that significant numbers of those cases, while remaining in the overall DSS system, seemed to have had no continuation of the child care case.* It would be useful to know what happened to the child in those cases, what impact the closing of the TANF child care case had on the overall case and on the employment status of the parent, whether the child wound up in informal care without subsidy, etc. Current data cannot answer those questions, so presumably some follow-up would be needed with a sample of the cases to determine what happened following the closing of the TANF child care case.
- ❖ *It may also be helpful at some point to conduct a survey of a sample of parents whose child's income-eligible subsidy cases are closed.* Knowing the reasons for the closing, and what happened to the family post-closing, could provide useful information and value in assessing the implications of various types of decisions and determining if alternative approaches may need to be considered in some cases.
- ❖ *In order to obtain a current assessment, in this economy, of why parents make the decisions they do about child*

care, the County may wish to commission a survey of parents (not just those receiving subsidies) concerning what factors contribute to their child care decisions, where they go for child care and why, what proportions need after-hours care and in what parts of the county, and what would need to happen to shape child care decisions in different ways in the future, including what incentives might shape certain choices. Survey findings should provide useful insights for the County as well as child care advocates and other policy analysts.

- ❖ *The Child Care Council maintains extensive data about active child care providers. However, it does not maintain historical data on previous providers in an easily-usable form that can provide ready data on previous provider patterns or characteristics of providers who have ceased to do business vs. those still around. It might be useful to determine if there are unique characteristics of providers which have gone out of business that might, if known, suggest preventive actions in the future. Also, data on such things as hours of operation and vacancy rates are often not current or coded in ways that lend themselves to easy analysis and interpretation. Additional attention to strengthening this primary database on local providers could prove valuable in the future, particularly as it becomes more of a resource to be linked with County data on subsidized children, and as the data are compiled and shared with the County and child care advocates on a regular basis.*
- ❖ *The Child Care Council or GRASA needs to maintain a more complete and accurate database on after-school programs in the community. GRASA is in the process of updating information about these programs, and once that information is complete, it would be helpful for purposes of community planning and tracking of providers to have a complete ongoing file of after-school providers that can be updated much as the lists of regulated and Legally Exempt providers are now maintained by the CCC.*

- ❖ *The Child Care Council collects useful data on parents who request various types of information about providers. This information should be routinely shared with the County, policymakers and child care advocates. Careful recording and analysis of responses to questions posed to parents could yield helpful information about the basis on which parents in various areas make decisions about child care. The community would benefit from analysis of answers to questions about such information as where the requester lives, the types of care of interest, factors of most importance in making child care decisions, working status, and if interested in subsidized care or not.* This type of personalized information, obtained and analyzed on a sample basis, could provide useful insights to supplement the more aggregate summary data included in this study.
- ❖ *This study by design and original approval by the project steering committee focused on two age groups: 0-5 and 6-12. Subsequently some wondered about the value of having had information broken down into the ages of 0-3. Future analyses may wish to explore the extent to which patterns of levels of care, proportions of child care needs met and patterns of use of specific types of providers differ, if at all, between those 0 - 3 vs. those 4 - 5.*
- ❖ *If changes are made to increase the maximum eligibility rate back to 200% of poverty, careful analyses should be undertaken by the County and DHS to assess the nature of the characteristics of what new children come into the child care system, what types of providers absorb most of the new children, where the new kids live vs. where they go for services, and other related questions that can help assess the impact on the system and certain types of providers.*

Conclusion

Certainly it is understood that not all of these recommendations will, or perhaps even should, be implemented, at least immediately. Priorities will need to be set, and financial resources and time restrictions will place constraints on what can realistically happen in the short run. On the other hand, some short-term

recommended priorities have been identified for action. It is hoped that this chapter will provide a useful point of departure for thinking strategically about changes needed within the child care system, and that it will remain a blueprint even into the future to guide ongoing efforts to make a strong child care system in Monroe County even stronger and more accessible to more children of low-income parents.

APPENDIX A: QUALITY CHILD CARE RESEARCH SUMMARY

National Research There is consistent research that links higher quality daycare alternatives to better outcomes in children. Vandell and Wolfe (2000) differentiate the concept of quality into two distinct terms; Process and Structural Quality. Process quality includes children's interactions with their caregivers and other children, language stimulation, and health and safety information. Structural quality consists of child/adult ratios, size of the group being served, and the education and training of the caregivers. The American Academy of Pediatrics (AAP) has included some of these as key indicators of high quality for early childhood settings. Their indicators include:

- ❖ State licensing and program accreditation (does not by itself assure high quality but only basic standards of health and safety).
- ❖ Appropriate staff/child ratios
 - ◆ For Centers
 - ◆ Birth to 12 mo. = 1:3 with groups of 6 or less
 - ◆ 13-30 mo = 1:4 with groups of 8 or less
 - ◆ 31-35 mo = 1:5 with groups of 10 or less
 - ◆ 3y = 1:7 with groups of 14 or less
 - ◆ 4y and 5y = 1:8 with groups of 16 or less
 - ◆ Family Day Care
 - ◆ With no children less than 2 = 1:6
 - ◆ 1 child less than 2 = 1:4
 - ◆ 2 children less than 2 = no other children recommended
- ❖ Director and staff experience and training
 - ◆ College degrees in early childhood education
 - ◆ Child development associate's credential
 - ◆ Ongoing in-service training
 - ◆ Parents' first-hand observations of care
 - ◆ Low turn-over rate
- ❖ Infection Control
 - ◆ Hand washing with soap and running water after diapering, before handling food, and when contaminated by body fluids
 - ◆ Children wash hands after toileting and before eating

- ◆ Routinely cleaned facilities, toys, equipment
- ◆ Up-to-date immunizations of staff and children
- ❖ Emergency Procedures
 - ◆ Written policies
 - ◆ All staff and children familiar with procedures
 - ◆ Up-to-date parent contact lists
- ❖ Injury prevention
 - ◆ Play equipment safe, including proper shock absorbing materials under climbing toys
 - ◆ Universal back to sleep practices
 - ◆ Developmentally appropriate toys and equipment
 - ◆ Toxins out of reach
 - ◆ Safe administration of medicines.

Considering their definitions of process and structural quality, Vandell and Wolfe conducted a meta-analysis of existing research and observed that when researchers control for child and family issues, lower child/adult ratios produce less apathetic and distressed children and caregivers spend more time with individual children. The overall environment is more stimulating and supportive for children. Another finding is that when there is better health and safety practices there are fewer respiratory and other infections along with fewer playground injuries. When daycare workers are more educated (structural) and/or better trained, children's activities tend to be of higher quality and caregivers tend to be more responsive and less restrictive. Further evidence on the benefits of high quality environments (accounting for gender and family factors) highlights that children appear to be happier, have closer and more secure attachments to caregivers, and perform better on standardized cognitive and language tests. The same research reveals that poor process quality leads to heightened behavior problems (generally defined as cognitive social skills, sociability, problem behaviors and peer relations). A policy statement from the American Academy of Pediatrics (AAP) relating to early childhood education and care cites the Cost, Quality and Outcomes Study from the University of North Carolina (1999) and states that the positive effects from high-

quality programs and the negative effects from poor-quality programs are magnified for children from disadvantaged situations or with special needs.

Some correlational and quasi-experimental studies reviewed by Vandell and Wolfe show significant relationships between structural quality components and child performance in the short-term. For instance, the lower the child/adult ratio, the better able the child is to understand, initiate and participate in conversations. They appear to be more cooperative and less hostile to peers and they have better general knowledge. Once in preschool, students that had more educated caregivers in daycare perform better on standardized tests, have better language skills and are more persistent in completing tasks. In general, the kids are more ready for school.

In the longer term, some studies reviewed by Vandell and Wolfe did control for family selection differences. For example, the National Institute of Child Health and Human Development Study (NICHD) (controlling for child and family characteristics) revealed that process quality was essential during the first 3 years and was highly related to the children's pre-academic skills of expressive language and receptive language at age 3. In the Cost, Quality and Outcomes Study referenced earlier, higher quality classrooms resulted in better math skills through 2nd grade and the effect was greater for children of less-educated mothers. This same study revealed that when caregivers were more involved in the early childhood setting, fewer behavior problems were reported in Kindergarten.

There have been a couple of longitudinal research projects with good methodologies that have studied the impact of quality on children's outcomes. The most widely referenced longitudinal studies include the High/Scope Study of the Perry Preschool in Ypsilanti, MI (started in 1962), the Syracuse Preschool Program, and the Abecedarian Project in North Carolina. While these environments were not strictly childcare settings, they did offer

random assignment and control, intensive evaluations and they followed children into early adulthood. They primarily focused on low-income children typically labeled as “high-risk”.

Kids in the Abecedarian project showed long-term gains in IQ scores, reading and math. At age 21 they were older than the control group on average when their 1st child was born and more likely to attend a four-year college. By age 27, the children in the Perry project were less likely to have been arrested, had higher monthly earnings and were less likely to receive public assistance than the control group. Children in the Chicago/Child Parent project showed higher math and reading scores and by age 20 they were more likely to have completed high school and with lower rates of juvenile crime.

Economists have used the research from developmental psychologists to demonstrate that investment in early childhood development translates into positive long-term economic impacts for our children and ultimately for our society. The High/Scope study referenced above conducted a benefit-cost analysis that revealed for every dollar invested in their program, \$8 was returned over the life of the child to both the child and society as a whole. Economists Art Rolnick and Rob Grunewald (2003) of the Federal Reserve Bank of Minneapolis have done an analysis of this benefit-cost analysis translating the results into an internal rate of return. They found that there was a 16% real annual rate of return for the dollars invested in this program (real meaning accounting for inflation). When they removed the benefits that accrue only to the child, they still ended up with an annual rate of return of 12%. By any standard, this is a tremendous return on investment, particularly one with public funds.

In separate research, Nobel Laureate James Heckman (2000), a Chicago Economist, shows that dollars invested at younger ages yield higher returns over time than do investments in older individuals. This is mostly due to the shorter time frames that older individuals have to “recoup” their investment. In addition,

Heckman points out that learning begets learning and investments in young children create ability that in turn creates demand for more challenging schooling. To support his economic findings, Heckman cites research from developmental psychologists that highlight cognitive ability as being formed very early in life with children ultimately becoming less malleable as they age. Thus, public policy aims should be directed at investments in young children in order to provide the most significant return on those public investments.

Vandell and Wolfe have offered several additional insights into this economic phenomenon. A significant impact of childcare is on the parents of the children. Vandell and Wolfe cite very limited evidence that suggests that higher-quality care may increase the likelihood and stability of employment and hours of work and improve mother's later educational achievement. The Infant Health and Development Program found that mothers in an intervention program providing center-based care for low-birth weight infants were significantly more likely to be working than women in the control group, with an effect greater for less educated than for better-educated women. A separate study, The Teenage Parent Demonstration, revealed that young women chose not to work or change their hours when the quality of the daycare was unsatisfactory.

Vandell and Wolfe spend considerable energy in their study to make a case for the need to invest public money into the childcare and early childhood sector. They cite the presence of market failures such as poor information and imperfect capital markets. Most daycare alternatives are from small providers and parents often do not have access to all the resources they need to both know of the provider and evaluate the quality of their options. Cost, convenience, time and access are all considerations that relate to this information gap and the problems are particularly acute for lower-income and more geographically isolated families.

A second market failure relates to “imperfect capital markets”. Parents of small children tend to have less disposable income available to pay for quality childcare. Combined with the lack of affordable options is a lack of options at odd hours (evenings and weekends). Vandell and Wolfe found that a significant gap in services exists because 1/3 of working poor parents (incomes below poverty) and 1/4 of working-class parents (incomes below \$25K – 2000 data) work weekends. Only 10% of centers nationally and 6% of day care homes provide weekend care. The result is reliance upon an unstable patchwork of child care alternatives, which in and of itself represents a measure of poor quality. Due in large part to these factors, demand tends to be lower for high quality (higher cost) programs. This in turn drives down wages for higher skilled employees (by lowering overall cost) who might otherwise be attracted to daycare type employment settings. This causes the education of the caregiver to be lower on average (higher education demands higher pay) and the resulting quality of the child care will be lower. The impact on society accrues over time in higher crime rates, lower worker productivity and higher need for social services. Thus, market intervention can be a viable solution to deal with this issue.

There are also externalities in the childcare sector that contribute to the market failures that are observed. In the case of the child care sector, Vandell and Wolfe assert that over time the benefits of higher quality care accrue not just to the parent and the child, but to the society as a whole. These benefits include lower costs for later schooling as kids enter school better prepared to achieve; future reductions in crime as juvenile delinquency diminishes; and increased productivity and lower need for social services as working parents face fewer child-related absences or terminations and remain more securely attached to the labor market. Equally apparent are the family and social costs associated with poor-quality, unsafe and unhealthy child care alternatives.

Some measures associated with changing quality were assigned value in a 1989 GAO national survey of 265 accredited early

childhood education centers. It was found that changing the child:adult ratio in these centers by one is associated with an increase in costs on average of 4.5%. A one-year increase in the average educational level of the staff is associated with a 3.4% increase in total costs, including a 5.8% increase in wages. A one-year increase in average staff experience is associated with a reduction in costs of 0.6% - including a 2.3% increase in the wage bill. Finally, the impact of a 20% turnover of staff increased costs by 6.8%. A summary of these findings indicates that increasing quality has higher cost implications. These higher costs have a negative affect on demand unless there is public intervention to account for the disparity. Allowing the market to regulate itself would probably yield child care that was not affordable or of low quality.

Building on the research of these studies, The Brookings Institution (Isaacs, 2007) has recently produced a new report calling for higher investment in the Federal Budget in early childhood development initiatives, even in the face of fiscal restraint. The argument is that it is wiser to invest in children while they are very young than to invest in them when they are school age and older. (It should be noted that the author is not stating that public investment of school-age children should cease. The case is only made that more dollars should be invested to raise the quality of care for the pre-school children and that this would yield longer-term higher benefit for our society.) The benefits to both the child and to society at large will be greater. There would be a net economic cost to the Federal Budget in the short-run due to higher investment. However, a study shows that after 17 years, the benefits to society outweigh the investment and would in theory continue ad infinitum (I.e. the need for less investment in public education, remediation, lower criminal activity, higher wage earners, more contributions to social security, etc. all lead to savings for society in the long run). Thus, investment in early childhood development has long-term public policy implications that must be weighed against short-term economic and political considerations.

Local Research

In reviewing the annual report from RECAP (2006), some positive trends emerge. Relative to some national norms, the quality of Rochester's early childhood education programs rates very high. 90% of classrooms tested by RECAP are at or above accepted standards for high performing classrooms. In line with other national research cited in this summary review, RECAP found that the length of teaching experience for the teachers that were tested was significantly related to their quality rating score. For teachers with 6 or more years experience, scores were .5 points higher (rating scale out of 7) than teachers who were relatively new (1 year or less). Another finding was that 80% of students studied in RECAP showed academic, social and motor skill improvement from the beginning of year to the end. Only 5% showed any "negative growth."

RECAP only studied 22 family childcare providers and found their quality rating to be 5.4 out of 7. While this is categorized as "Good" quality, there is a severe limitation on statistical significance or making conclusions due to the limited number of responses and the lack of a random sample of all the providers.

Another interesting study done for the last 3-years by RECAP is the Follow-up Study. This study compares RECAP students in kindergarten who were in RECAP pre-k programs from previous years with non-RECAP students in current kindergarten classes. RECAP students perform better on the academic, social and motor skills tests than do their non-RECAP peers. While the actual effect is small, it is significant. Again, although drawing inference or conclusion is limited due to the sampling technique, it is worth noting that this finding is consistent with other national research that shows that kids in higher quality programs perform better on cognitive tests (math and language) than kids from lower quality programs or no program at all. The effects are more noticeable for children from lower income strata as well.

Policy Implications

As cited in the study by Vandell and Wolfe, several policy implications emerge, even as we look at the local level. We already

provide public intervention through the use of subsidies, and thus we must continue to ask if that investment is reaching the children most in need. *Could the eligibility be better marketed to the community?* Other implications are related to *how to encourage better educated day care workers to make their profession working with preschool children? How do we raise overall enrollment and monitor the locations providing services?* Mandating CACFP enrollment is one possibility so that each provider will receive a site visit 3x/yr. *How do we educate, train, and license informal childcare providers to insure that process and structural quality standards are adequate?* CCC has a training program that costs money (so does RCN). Potentially subsidizing this training program would be a good investment of public dollars. *How do we inform parents of the high quality programs that exist and encourage participation in those programs?* Public awareness campaigns and some kind of booklet or tool could be developed that offers standards and then a ranking of all existing providers within a category of service. *Should we mandate that a certain number of hours of child care be available during evenings and weekends?* There are currently options in Monroe Co. for evening and weekend care. *How many hours and how accessible are the programs? How are these alternatives marketed?* Consideration might be given to change or mandate standards related to child:adult ratios, group sizes, staff training, structural quality (education of teachers, etc.), licensing, or safety regulations. *Should local governments consider financial incentives, tuition subsidies for up and coming daycare workers, tax credits for parents whose children are enrolled in high quality programs, and/or incentives for employer-sponsored care?* Another potential policy consideration would be to revamp the subsidy formula to make it a percentage of costs and then offer higher percentage subsidies for higher quality programs, up to and including 100% subsidies only for programs meeting the highest standards (with an exception for when there are no slots available in the highest quality programs). Implicit in this is the need for determining a neutral quality rating scale that could be applied to all providers in similar categories equitably.

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APPENDIX B: CO-PAYMENT CHART FOR FAMILY SIZES OF 1-3

Family size = 1*

Eligibility	FPL (100%)		125%		150%		175%		200%		225%		250%		275%	
Annual Income	\$9,800.00		\$12,250.00		\$14,700.00		\$17,150.00		\$19,600.00		\$22,050.00		\$24,500.00		\$26,950.00	
Multiplier	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income
10.0%	\$0.00	0.0%	\$245.00	2.0%	\$490.00	3.3%	\$735.00	4.3%	\$980.00	5.0%	\$1,225.00	5.6%	\$1,470.00	6.0%	\$1,715.00	6.4%
17.5%	\$0.00	0.0%	\$428.75	3.5%	\$857.50	5.8%	\$1,286.25	7.5%	\$1,715.00	8.8%	\$2,143.75	9.7%	\$2,572.50	10.5%	\$3,001.25	11.1%
20.0%	\$0.00	0.0%	\$490.00	4.0%	\$980.00	6.7%	\$1,470.00	8.6%	\$1,960.00	10.0%	\$2,450.00	11.1%	\$2,940.00	12.0%	\$3,430.00	12.7%
25.0%	\$0.00	0.0%	\$612.50	5.0%	\$1,225.00	8.3%	\$1,837.50	10.7%	\$2,450.00	12.5%	\$3,062.50	13.9%	\$3,675.00	15.0%	\$4,287.50	15.9%
30.0%	\$0.00	0.0%	\$735.00	6.0%	\$1,470.00	10.0%	\$2,205.00	12.9%	\$2,940.00	15.0%	\$3,675.00	16.7%	\$4,410.00	18.0%	\$5,145.00	19.1%
35.0%	\$0.00	0.0%	\$857.50	7.0%	\$1,715.00	11.7%	\$2,572.50	15.0%	\$3,430.00	17.5%	\$4,287.50	19.4%	\$5,145.00	21.0%	\$6,002.50	22.3%

*Child only families are those where the care giver is not financially responsible for the child, such as if a child lives with a grandparent who has custody or guardianship but has not adopted the child.

Family size = 2

Eligibility	FPL (100%)		125%		150%		175%		200%		225%		250%		275%	
Annual Income	\$13,200.00		\$16,500.00		\$19,800.00		\$23,100.00		\$26,400.00		\$29,700.00		\$33,000.00		\$36,300.00	
Multiplier	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income
10.0%	\$0.00	0.0%	\$330.00	2.0%	\$660.00	3.3%	\$990.00	4.3%	\$1,320.00	5.0%	\$1,650.00	5.6%	\$1,980.00	6.0%	\$2,310.00	6.4%
17.5%	\$0.00	0.0%	\$577.50	3.5%	\$1,155.00	5.8%	\$1,732.50	7.5%	\$2,310.00	8.8%	\$2,887.50	9.7%	\$3,465.00	10.5%	\$4,042.50	11.1%
20.0%	\$0.00	0.0%	\$660.00	4.0%	\$1,320.00	6.7%	\$1,980.00	8.6%	\$2,640.00	10.0%	\$3,300.00	11.1%	\$3,960.00	12.0%	\$4,620.00	12.7%
25.0%	\$0.00	0.0%	\$825.00	5.0%	\$1,650.00	8.3%	\$2,475.00	10.7%	\$3,300.00	12.5%	\$4,125.00	13.9%	\$4,950.00	15.0%	\$5,775.00	15.9%
30.0%	\$0.00	0.0%	\$990.00	6.0%	\$1,980.00	10.0%	\$2,970.00	12.9%	\$3,960.00	15.0%	\$4,950.00	16.7%	\$5,940.00	18.0%	\$6,930.00	19.1%
35.0%	\$0.00	0.0%	\$1,155.00	7.0%	\$2,310.00	11.7%	\$3,465.00	15.0%	\$4,620.00	17.5%	\$5,775.00	19.4%	\$6,930.00	21.0%	\$8,085.00	22.3%

Family size = 3

Eligibility	FPL (100%)		125%		150%		175%		200%		225%		250%		275%	
Annual Income	\$16,600.00		\$20,750.00		\$24,900.00		\$29,050.00		\$33,200.00		\$37,350.00		\$41,500.00		\$45,650.00	
Multiplier	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income	Yearly Copay	% of Income
10.0%	\$0.00	0.0%	\$415.00	2.0%	\$830.00	3.3%	\$1,245.00	4.3%	\$1,660.00	5.0%	\$2,075.00	5.6%	\$2,490.00	6.0%	\$2,905.00	6.4%
17.5%	\$0.00	0.0%	\$726.25	3.5%	\$1,452.50	5.8%	\$2,178.75	7.5%	\$2,905.00	8.8%	\$3,631.25	9.7%	\$4,357.50	10.5%	\$5,083.75	11.1%
20.0%	\$0.00	0.0%	\$830.00	4.0%	\$1,660.00	6.7%	\$2,490.00	8.6%	\$3,320.00	10.0%	\$4,150.00	11.1%	\$4,980.00	12.0%	\$5,810.00	12.7%
25.0%	\$0.00	0.0%	\$1,037.50	5.0%	\$2,075.00	8.3%	\$3,112.50	10.7%	\$4,150.00	12.5%	\$5,187.50	13.9%	\$6,225.00	15.0%	\$7,262.50	15.9%
30.0%	\$0.00	0.0%	\$1,245.00	6.0%	\$2,490.00	10.0%	\$3,735.00	12.9%	\$4,980.00	15.0%	\$6,225.00	16.7%	\$7,470.00	18.0%	\$8,715.00	19.1%
35.0%	\$0.00	0.0%	\$1,452.50	7.0%	\$2,905.00	11.7%	\$4,357.50	15.0%	\$5,810.00	17.5%	\$7,262.50	19.4%	\$8,715.00	21.0%	\$10,167.50	22.3%