

# SEPECC

## Southeastern Pennsylvania Early Childhood Coalition

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To: Office of Child Development and Early Learning  
From: Southeastern Pennsylvania Early Childhood Coalition  
Date: January 8, 2016  
Subject: Child Care Development Block Grant – Draft State Plan Comments

### Introduction

The Southeastern Pennsylvania Early Childhood Coalition is an informal coalition that for two decades has brought together early childhood providers and other stakeholders in the 5 county Philadelphia metro area to promote exchange of information and to advocate for access and quality care for all the region's young children. Approximately 40 members of our coalition provided input on the state's draft CCDF plan. Some of them are also providing comments separately.

Of nearly a quarter of a million children under the age of 5 in Southeastern Pennsylvania, about 33,000 receive a subsidy to pay for their child care. Tens of thousands more are in families that pay privately for care, enrolled in child care programs that participate in Keystone STARS. About \$340 million per year in subsidy funds flows from the state for child care and after-school programs. A central challenge of the new CCDF is not only to provide a critical work support for low-income working parents, but to facilitate parents' ability to find and use high quality care for their children. New CCDF rules require more family-friendly changes in the subsidy program, and they also challenge our state to be creative and thoughtful in re-thinking how they accomplish this. While we support most of the draft plan, we think the State could have gone farther in some areas.

SEPECC members unanimously support the new features of CCDF that will make it easier for families to stay in the subsidy program and reduce churning that makes it difficult for providers to plan and budget. We support development of contracting for special populations, and think guidelines should be clear and consistent across the state. We strongly support the quality-enhancing initiatives across all settings and the effort to adjust rates to properly build and support the supply of quality care. Family child care homes provide critically needed care after normal working hours for many families who cannot choose their shifts, including the care of our youngest children for whom quality is equally important. To the extent possible, new licensing requirements should be used to build quality in this sector.

### Section 2 – Promote Family Engagement through Outreach and Consumer Education

#### **A Comprehensive Family Engagement Strategy Requires Grassroots Outreach and Face-to-Face Contact with Parents**

### Sub-Section 2.1 – Information about Child Care Financial Assistance Program Availability and Application Process

SEPECC encourages the state to implement, evaluate and quickly replicate the Philadelphia single-point-of-entry pilot to make it available statewide. Parents should be able to make one visit to find out about early learning options available to them, and to immediately fill out one form (or get assistance doing so) for all programs including Head Start, Early Head Start, Pre-K Counts and CCIS.

### Sub-Section 2.2 – Consumer and Provider Education Information

We echo Action for Early Learning (AFEL)'s comment about how important it is to incorporate early intervention services. We have much anecdotal evidence that Early Intervention is more stigmatized in Philadelphia than other parts of the state, including Pittsburgh, where the percentage of children served is significantly higher despite the lower prevalence of risk factors. The particular historical and cultural situation in the city, the high level of poverty and DHS intervention makes many families suspicious of having someone enter their home. For somewhat different reasons, immigrant families may also fear the program. Information about EI must be delivered by a trusted messenger. Even when pediatrician does a developmental screening and finds that the child has a delay, more chance than not that it does not result in a referral or the referral is not followed up. The reaction is different when trusted caregivers, neighbors and friends endorse these services. Peer-to-peer programs can have a greater impact than Child Find alone.

We also endorse AFEL's model of peer education for parents about the importance of quality and what it means for children's development, by members of their own communities who have devised culturally appropriate messages. We understand that other communities will want to develop different models.

SEPECC supports the development by DVAEYC of a short (5 minute) video presentation highlighting the importance of high quality early education programs. They hope to distribute and show the video on a loop in various locations, including CCIS and doctor's offices to reach parents where they are conducting business.

### Sub-Section 2.3 – Website for Consumer Education

We encourage OCDEL to place equal weight and priority on peer education models such as these. OCDEL's websites have been improved, but are not a replacement for face-to-face interaction. Many families do not have easy access to the Internet except through mobile phones, and these websites are not currently mobile-friendly. A specialized application would help, but will still not have the same level of trust as person-to-person interaction.

## **Section 3 – Provide Stable Child Care Financial Assistance to Families**

### **Equal Access Across Pennsylvania**

### Sub-Section 3.2 – Increasing Access for Vulnerable Children and Families

It was noted that three of four CCIS offices in Philadelphia, as well as those in Delaware, Montgomery and Bucks Counties, are historically and currently have among the longest waiting lists in the state. The differences are not small: they may be a few weeks in one CCIS and several months in another. (Within Philadelphia, families have noted the impact of which side of the street they live on.) Overall, this imposes extraordinary burdens on families in the Southeast, and especially in those areas where single-parent families predominate; urban areas where many families live on far less than the poverty level; and where housing and other basic needs are most costly. These parents are less likely to find stable child care while they are on the wait list and their continued employment may suffer. Access to a work support should not depend on a family's zip code. This contradicts the CCDF requirement in 3.2 that states give priority to families with very low incomes. Equal access to services throughout the state must be addressed by Pennsylvania's CCDBG implementation plan.

We also strongly recommend removing the minimum \$5 co-pay for teenaged parents. Some teen parents who attend school and do not have access to their own outside income are dependent on their parents for the co-pay. If the teen's parent does not provide the funds, the teen may lose her childcare and be forced to drop out of school. The state's saving of less than \$200 per year is not worth risking such a negative outcome.

### Section 4 – Ensure Equal Access to High Quality Child Care for Low-Income Children

#### **Equal Access to Choice and Quality Programs/Contracting**

##### Sub-Section 4.1 – Parental Choice In Relation to Certificates, Grants, or Contracts

We believe that the current attendance/absence policy should be changed so that it is uniform for HS and PKC and private-pay children. The current policy interferes with braiding or layering of programs and funding sources. In addition, the current policy creates unnecessary pressure on programs to "eat" the cost when a poor family exceeds the absence limit. It may encourage families to constantly move children to new programs. In other cases it forces parents to bring sick children to child care when they would be better off at home.

##### Sub-Section 4.2 – Assessing Market Rates and Child Care Costs

Several SEPECC members expressed concern over the use of the 2014 Rate Survey to establish reimbursement rates, rather than developing a cost modeling tool that would more accurately measure the true cost of providing quality care in a certain area. DVAEYC is developing such a tool that takes into account the real cost of wages and employee benefits, based on prevailing local school wages and other factors. Members are encouraged by the possibility that a cost modeling tool would provide a locally-adjusted rate increase for providing quality care that would effectively replace STARS tier level payments, as well as merit bonuses and awards. This would cut paperwork that especially burdens smaller, mom and pop programs. However, in our coalition we did not have a consensus on the use of a cost modeling tool. Some of our members are open to this idea, but withheld endorsement in the near-term because they do not yet know enough about how it would work.

#### Sub-Section 4.4 – Summary of Facts Used to Determine that Payment Rates Are Sufficient to Ensure Equal Access

Historically, CCDF encouraged states to make programs available to low-income children by setting reimbursement rates at levels that match private going rates in the great majority of an area's early childhood programs. The reality, though, is that rates in Pennsylvania are far below the median and have been frozen for many years; providers that were not charging the maximum MCCA rates in 2008 have been unable to increase the level since then.

We in SEPECC feel that statement in the plan that claims that families have not had trouble accessing quality is both misleading and incomplete, for reasons that range from clear to more subtle. The draft plan cites the proportion of providers in Keystone STARS that participate in the subsidy program as a demonstration that rates are adequate -- a connection that we think is illogical and incorrect. On the contrary, the number and proportion of programs enrolled in Keystone STARS has been relatively flat over the last several years. There is also churning, where providers lose STARS or drop out of STARS, illustrating difficulties with continuous quality improvement that are often connected with workforce issues – which are related to low pay that is often limited, again, by rates.

Many providers, especially those in suburban counties, charge a differential which excludes many low-income families who are already paying up to 10 percent of their incomes for their co-payment. SEPECC members discussed requesting that OCDEL ban the use of this differential, but some operators of higher quality programs said that because of current low/frozen rates, the differential was necessary to their survival. Many providers take children with subsidy in order to fill their classrooms to capacity, but the lower reimbursement means they cannot invest in higher quality, pay their staff a living wage, or sustain their businesses.

Among the more subtle biases that influence the quality-level choices made by poor families are advertised perks such as free diapers. These attract families in deep poverty for whom diapers and meals are meaningful expenses. Higher quality programs in poor communities may have close to 100% subsidy children, and because of low reimbursement rates, they struggle to compete with the poor quality programs that offer such perks. In some areas low quality programs are filled to capacity while STAR 3 of 4 providers are unable to fill their seats.

Second, while quality program may be theoretically available, in practice a program that meets all of a family's needs may be significantly less convenient than several other non-quality programs, influencing a family's decision. About one third of Philadelphia residents do not have access to a car, and many more share a car but use transit to get to work; their choices are constrained because they need providers located on/near their transit line.

#### Sub-Section 4.6 – Supply Building Strategies to Meet the Needs of Certain Populations

Under the new CCDF, states must develop strategies for increasing supply and quality of services for children in underserved areas, infants and toddlers, children with disabilities, and children in non-traditional hour care—which may include use of grants/contracts and alternative reimbursement.

The new CCDF allows states to award grants and contracts to providers in order to provide financial incentives to offer care for special populations, require higher quality standards, and

guarantee certain numbers of slots to be available for low-income children eligible for CCDF financial assistance.

Increasing numbers of workers have unpredictable schedules and/or do shift work that includes nonstandard hours. This puts strain on families and has been associated with poorer child outcomes. Because nonstandard hours care is harder to find, many parents rely on home-based care, which is far less likely to be of high quality. As long as Pre-K Counts is currently unavailable in many communities across the region -- or serves less than 10% of eligible children -- we ask OCDEL to consider allowing these children, especially preschoolers, a subsidy allowance so they can enroll in fulltime, daytime high-quality preschool programs in addition to the non-standard work and sleep hours allowed under current rules.

Contracting may also provide an incentive for high quality early childhood programs to serve more children with special needs, if the contracted rate is enough to cover the program's additional expenses. OCDEL might also experiment by piloting a contracting program with where early intervention services are provided in-house, with rates that combine or braid an additional payment that would otherwise be paid to an outside Early Intervention service provider.

Contracting seats at high quality providers located in poor communities that have not been able to fill seats (for reasons mentioned above) could create a bonus for families while enabling these providers to sustain and increase quality.

## Section 5 – Establish Standards and Monitoring Processes to Ensure the Health and Safety of Child Care Settings

### **New Regulations for Home-based Care**

#### Sub-Section 5.1 – Licensing Requirements and Standards

Upon reading the CCDF guidelines, we think that OCDEL's decision to require Neighbor caregivers to become certified family child care homes is a higher bar than was required. While we understand that OCDEL may have decided this was the most comprehensive way to ensure the safety standards and training required by CCDF without creating a whole other system, we also recognize that the decision is extremely costly at a time that availability of subsidy funds has been shrinking, leaving many families to fend for themselves and find affordable but unlicensed care. One fear is that the new regulations may exacerbate this situation.

#### Sub-Section 5.2 – Monitoring and enforcement Policies and Practices

DVAEYC's community outreach staff reported an acceptance of unannounced annual inspections on the part of both licensed home-based providers and relative/neighbor providers throughout Philadelphia. We are hopeful that with adequate supports and technical assistance, home-based providers will "lean in" and embrace higher standards. Among SEPECC members there was concern that to immediately expect quality from new providers was unrealistic, and we encourage OCDEL to carefully implement the new inspections with this in mind.

## Section 7 – Support Continuous Quality Improvement

### Sub-Section 7.1 – Activities to Improve the Quality of Child Care Services

OCDEL announced some years ago as part of its Race to the Top- Early Learning Challenge Fund plan that they intended to merge or unify the licensing and quality enhancing initiatives. More recently the idea has been revived. We are concerned that care must be taken to reconcile the very different cultures of these programs, so that Keystone STARS is not associated with an enforcement mentality.

Sub-Section 7.2 – Quality Rating Improvement System

SEPECC members have taken advantage of many forums provided by OCDEL to suggest changes to Keystone STARS, both to improve child outcomes and to streamline and remove unnecessary paperwork. We strongly support OCDEL’s new commitment to re-tooling Keystone STARS now that we have some evidence on which to base it.

Sub-Section 7.3 – Improving the Supply and Quality of Child Care Programs and Services for Infants and Toddlers

Many members of our coalition feel that providing good quality infant/toddler care has become increasingly untenable, because the rates are even further from the cost than they are for preschoolers. Over the last decade, the number and proportion of children cared for with subsidy has trended away from infants and toddlers, even as mothers must go back to work soon after their children are born. AFSCME’s recommendation will be to use the 3% infant/toddler quality set aside to boost the infant/toddler reimbursement rate for all providers, with the goal of increasing the supply of this category of care in Philadelphia. We are also cognizant of the fact that many families use home-based care while their children are babies, and that new requirements for neighbor and family caregivers has the potential to force some providers to close or “go underground.” We urge you to attend to this problem so that CCDF changes do not drive an increase in unlicensed providers.

*Respectfully submitted by Shawn Towey, PCCY, on behalf of SEPECC*

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