

# A Review of the Idaho Child Care Program

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September 2002

Office of Performance Evaluations  
Idaho State Legislature



Report 02-03

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Maxine T. Bell  
Margaret Henbest  
Donna Boe

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# Office of Performance Evaluations Idaho State Legislature

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September 9, 2002

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Members  
Joint Legislative Oversight Committee  
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At the direction of the Joint Legislative Oversight Committee, we have completed an evaluation of the Department of Health and Welfare's Idaho Child Care Program. This evaluation was requested to identify ways the program might function more effectively and do more to promote quality child care statewide. I respectfully submit our completed evaluation for your review and consideration.

We performed our evaluation in accordance with the performance auditing standards set out in *Government Auditing Standards*, published by the Comptroller General of the United States.

We received the full cooperation of the Department of Health and Welfare's child care program staff throughout. This report was written and researched by Lewissa Swanson and Chris Shoop with the assistance of other Office of Performance Evaluations staff.

Sincerely,

A handwritten signature in cursive script, appearing to read "James H. Henderson".

James H. Henderson  
Acting Director



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# A Review of the Idaho Child Care Program Executive Summary

In November 2001, the Joint Legislative Oversight Committee requested an evaluation of the Department of Health and Welfare's Idaho Child Care Program. The committee requested this evaluation to examine how the department might more efficiently use the Child Care and Development Fund grant to impact child care quality. Concerns were raised that the program might operate and use funds more effectively and that program changes could improve child care quality.

To address these concerns, we reviewed applicable statutes and regulations and spoke with department staff, federal officials, and regional child care resource and referral agency staff. We also reviewed information distributed to parents and providers and examined pertinent literature identifying industry standards and best practices. Finally, we surveyed officials from similar programs in 17 states.

## Background

The Idaho Child Care Program provides subsidies to assist low-income parents with child care costs while they are working or participating in other qualifying activities. The program is funded with federal Child Care and Development Fund monies and required state funds and is supplemented with federal Temporary Assistance for Needy Families funds. Between fiscal years 1997 and 2001, the average number of families nearly tripled and the average subsidy per family almost doubled.

The Idaho Child Care Program is administered by the Department of Health and Welfare through a number of entities including its regional offices, public health districts, and child care resource and referral contractors. Parents may apply for the program alone or with other forms of public assistance.

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**The Idaho  
Child Care  
Program  
assists low-  
income  
families with  
child care  
costs using  
federal grant  
funds, state  
funds, and  
TANF monies.**

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**Idaho Child Care Program requirements address limited elements of quality child care.**

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## **Requirements for Quality Child Care**

While opinions vary, certain elements of child care are generally accepted by child care associations and researchers as promoting quality. In comparing the requirements placed on providers registered with the Idaho Child Care Program to the identified quality elements, we determined the Idaho Child Care Program standards address limited elements of quality child care. Further, licensing requirements, to which some child care providers are subject, do not address most of the identified elements of child care quality. Conversely, many other states have more stringent child care standards that focus on elements of quality child care and some have incentive systems that reward providers for achieving certain quality related standards. We suggest the department standardize and strengthen participation requirements for the Idaho Child Care Program to include accepted quality care components.

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**The department's spending on quality child care initiatives has exceeded the federal minimum requirement.**

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## **Quality Improvement Spending and Activities**

To assess the Idaho Child Care Program's expenditures on activities that promote quality child care, we reviewed federal requirements pertaining to quality expenditures and Department of Health and Welfare information reflecting actual spending of the Idaho Child Care Program on activities that promote quality child care. The Idaho Child Care Program exceeded federal regulations which require it spend at least four percent of its program funds on quality child care initiatives. Because spending more than the minimum amount on quality child care activities may limit funds available for subsidies, we recommend the Department of Health and Welfare evaluate the level spent on quality child care to ensure that priorities are addressed while still maximizing the amount of subsidies that can be paid to Idaho families. However, the percentage of funds spent on quality child care activities in Idaho was comparable to those spent by other states we surveyed. Additionally, the program quality expenditures supported numerous activities to increase quality child care. These activities were generally comparable with quality initiatives in other states.

## **Additional Program Funding**

In addition to the Child Care and Development Fund grant, states are permitted to transfer funds from the Temporary Assistance to

Needy Families grant. Transferred funds then become subject to child care grant regulations. States may provide child care assistance directly from Temporary Assistance to Needy Families funds subject to that program's regulations. In fiscal year 2002, Idaho transferred nearly \$6 million of Temporary Assistance to Needy Families funds to the child care program and used another \$1 million directly to provide assistance to qualifying families.

Other federal monies, in the form of Child and Adult Care Food Program grant funds may also be available. Although approximately 450 providers in Idaho participate in this program, it is unclear if all eligible providers are aware of it. Therefore, we recommend the department include information about this program in its information disseminated to child care providers.

We also point out a number of programs other states use to generate additional child care funds including a tax check-off, specialized license plates, tobacco settlement funds, and lottery proceeds.

## Participant Eligibility

Idaho's income eligibility criterion restricts program participation to families at lower income levels than most of the states we surveyed. Beginning October 1, 2002, the department anticipates that participation in the Idaho Child Care Program is limited to those earning less than 150 percent of the 2001 federal poverty level (\$1,829 per month or less for a family of three).<sup>1</sup> We also found that because the department has based its income eligibility criterion on outdated versions of the federal poverty level, its eligibility level has not kept pace with the cost of living. Therefore, we recommend the department amend its administrative rules to specify eligibility rates based on the most recent federal poverty level.

However, we also found that Idaho's child care subsidy covers a larger number of providers' full cost than many other states we contacted. Idaho's maximum subsidy is based on the maximum rate charged by 75 percent of similar providers in the region.

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<sup>1</sup> Presently, the department bases its eligibility criterion on 150 percent of the 1998 federal poverty level. Under this criterion, a family of three will be eligible if its monthly income is \$1,706 or less, lower than the eligibility levels of all of the states we surveyed.

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**Food program funds may also be available to some providers.**

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**Idaho's current income eligibility level restricts program participation to families at lower incomes than many states we surveyed.**

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**However, Idaho's subsidy covers a larger number of providers' full costs.**

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Only one of the states we contacted had a higher rate, while seven states covered a smaller portion of child care costs.

## Improving Program Operations

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**The department has taken steps to improve program operations, but additional steps are needed.**

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To assess how program operations might be more efficient, we reviewed pertinent literature, meeting minutes, interviews, and reviewed the steps the department has already taken to improve the operations of the program. We found the department has taken a lead in improving the program by establishing an oversight committee which created a set of recommendations to improve the program, many of which the department has implemented or intends to implement in the near future. Although the department has made recent program changes, including improving payments to providers and increased communication, more changes are needed. Specifically, we recommend the Department of Health and Welfare regularly report all program expenditures and information to the Idaho Child Care Program advisory panel. We also recommend the department improve the program website.

# Summary of Report Findings and Recommendations

## Chapter 2

1. The Idaho Child Care Program provider requirements address few of the factors identified as impacting the quality of care. *Page 9.*
2. Idaho child care requirements are less stringent than the standards used in many other states. *Page 11.*
  - **We recommend the Department of Health and Welfare standardize and strengthen provider participation requirements for the Idaho Child Care Program to include accepted quality care components.** *Page 12.*
3. The Idaho Child Care Program does not offer greater reimbursement to providers that exceed minimum child care requirements and improve the quality of child care, as has been done in some other states. *Page 12.*
  - **We recommend the Department of Health and Welfare create a progressive financial incentive system that will increasingly reward Idaho Child Care Program providers that implement quality child care components.** *Page 14.*

## Chapter 3

4. The Idaho Child Care Program has used more than the minimum amount required for quality child care activities. *Page 16.*
  - **We recommend the Department of Health and Welfare evaluate the level of funding for quality improvement activities to ensure priorities are addressed while maximizing the amount of subsidies that can be paid to Idaho families.** *Page 17.*
5. The Department of Health and Welfare has used the Idaho Child Care Program quality funds for numerous initiatives addressing quality child care that are generally comparable to other states. *Page 18.*

## Chapter 4

- **We recommend the Department of Health and Welfare include information about the U.S. Department of Agriculture Child and Adult Care Food Program in information disseminated to child care providers.** *Page 23.*

## Chapter 5

6. Idaho restricts participation in the Idaho Child Care Program to families at lower income levels than most of the states we surveyed. *Page 25.*
7. Idaho's eligibility level has not kept pace with the cost of living. *Page 27.*
  - **We recommend the Department of Health and Welfare amend its administrative rules to specify eligibility rates based on the current federal poverty level.** *Page 27.*
8. Idaho's child care subsidy covers more providers' full costs than many other states we contacted. *Page 28.*

## Chapter 6

8. The Department of Health and Welfare has made recent program changes in response to the oversight committee recommendations including improving payments to providers and increasing communication about the Idaho Child Care Program, but more changes are needed. *Page 30.*
  - **We recommend the Department of Health and Welfare regularly report all expenditures and program information for the Idaho Child Care Program to the advisory panel.** *Page 31.*
  - **We recommend the Department of Health and Welfare improve its current use of the Idaho Child Care Program website by adding resources and pertinent literature.** *Page 31.*



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# Introduction

## Chapter 1

In November 2001, the Joint Legislative Oversight Committee requested an evaluation of the Department of Health and Welfare's Idaho Child Care Program. The committee requested this evaluation to examine how the department can more effectively operate the Idaho Child Care Program. Concerns were raised that the program could use funds to impact child care quality more efficiently and that program changes could also improve overall quality.

To address these concerns, we asked:

- What requirements does the Department of Health and Welfare place on providers that are reimbursed for serving families that receive child care subsidies? To what extent do these requirements promote quality child care?
- How does the department use program funds for activities to improve child care quality? What can Idaho learn from other states' use of funds for quality improvement activities?
- How do families qualify for child care subsidies? How do Idaho's eligibility requirements compare to those in other states?
- What funds are used to support the Idaho Child Care Program? Does Idaho use these funds appropriately? How do other states use other funds to support their grant sponsored child care programs?

To answer these questions we:

- interviewed department staff and federal officials;
- interviewed child care resource and referral agency officials and reviewed information distributed to parents and providers;
- surveyed officials from similar programs in 17 states;
- reviewed pertinent literature identifying industry standards, best practices, and state initiatives;

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**We examined whether the program could be more efficient and improve child care quality.**

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- reviewed federal and state statutes, regulations, and rules;
- attended provider training sessions.

## Background

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**The Idaho Child Care Program assists low-income families with child care costs.**

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The Idaho Child Care Program provides subsidies to assist low-income families with child care costs while they are working or participating in other qualifying activities. Those receiving subsidies must choose from registered child care providers and are required to pay a portion of child care costs based on monthly family income. The Child Care and Development Fund grant regulations allow each state maximum flexibility in designing its subsidy program to address the specific needs of its low-income child care population. The program also provides support for a variety of activities intended to improve the quality of child care. Activities supported by the Idaho Child Care Program include provider training, after school programs, consumer education, and programs that support specialized care.

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**The program is funded through a combination of federal child care grant funds, state funds, and TANF funds.**

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As shown in Table 1.1, the Idaho Child Care Program is funded largely with federal Child Care and Development Fund (CCDF) monies awarded to each state by the U.S. Department of Health and Human Services grant.<sup>1</sup> This grant is comprised of federal funds, required state funds, and supplemental Temporary Assistance for Needy Families (TANF) funds. Part of the federal funding includes earmarks for school age care and resource and referral agencies, quality expansion, and infant and toddler quality improvement. As shown in Table 1.1, earmarked requirements and funding increased substantially in fiscal year 2002.

In addition to the required earmarks, the department must set aside at least four percent of its total funding for quality improvement and no more than five percent may be used to cover administrative costs.<sup>2</sup> The department uses quality improvement funding for the child care resource and referral agencies, health and safety contracts with the public health districts, and other quality improvement activities.

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<sup>1</sup> This grant program was established in 1996 as a means of combining four other federally funded child care programs into one program with consistent rules and objectives.

<sup>2</sup> Direct Temporary Assistance for Needy Families funding is not included when computing the required four percent quality set aside.

**Table 1.1: Idaho Child Care Program and Quality Expenditures, Fiscal Years 2001–2002****Idaho Child Care Program, by Source**

	<u>FY 2001</u>	<u>FY 2002</u>
CCDF funding	\$20,591,536	\$20,430,222
State funds <sup>a</sup>	3,587,086	4,827,497
TANF transfer	3,369,418	5,846,807
Direct TANF	<u>4,001,360</u>	<u>1,161,474</u>
Total	\$31,549,400	\$32,266,000

**Quality Improvement and Earmarks**

	<u>FY 2001</u>		<u>FY 2002</u>	
	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>
Quality improvement <sup>b</sup>	\$2,132,884	7.7%	\$1,912,361	6.1%
Earmarks	<u>482,816</u>	<u>1.8</u>	<u>950,439</u>	<u>3.1</u>
Total <sup>c</sup>	\$2,615,700	9.5%	\$2,862,800	9.2%

<sup>a</sup> Includes maintenance of effort and state matching funds.

<sup>b</sup> Earmarks cannot be included in determining whether the state is meeting the 4% minimum quality improvement requirements.

<sup>c</sup> Direct TANF is not included when determining quality improvement percentage.

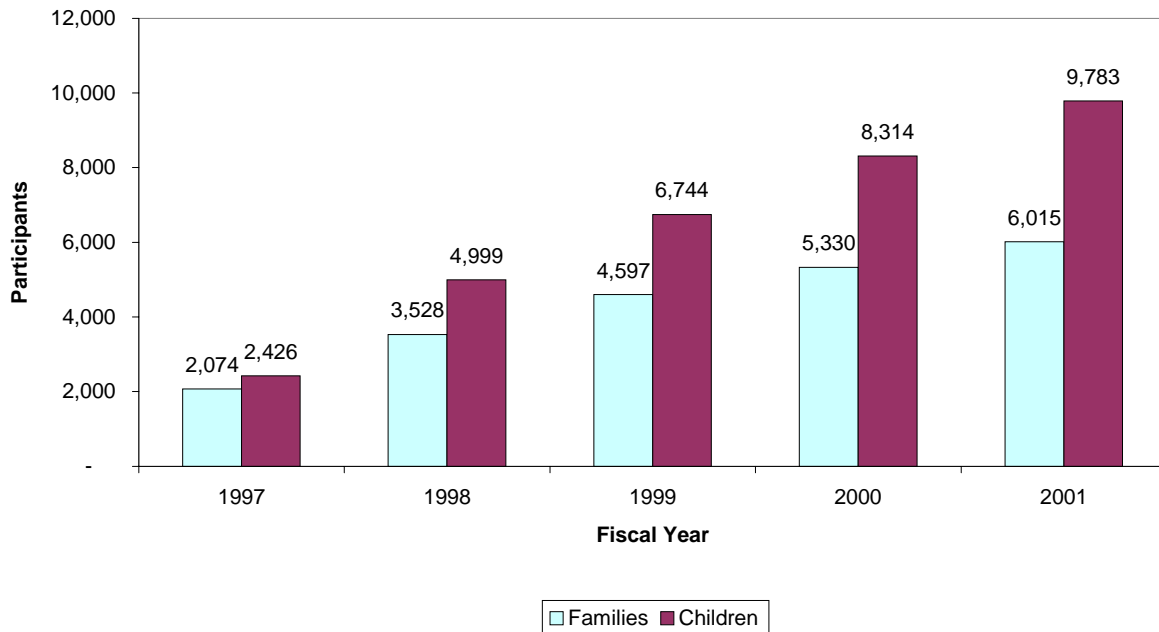
Source: Office of Performance Evaluations' analysis of Department of Health and Welfare data.

The number of families and children receiving child care assistance grew substantially over the past five years. As shown in Figure 1.1, from fiscal years 1997 through 2001, the average number of children participating in the Idaho Child Care Program each month increased from 2,426 to 9,783 while the average number of families increased from 2,074 to 6,015.

The average size of monthly child care subsidies also grew between fiscal years 1997 to 2001. As shown in Table 1.2, the average subsidy per child increased from \$136 to \$232 and the average subsidy per family increased from \$159 to \$378. Presently, families in Idaho are eligible for program subsidies if their income is 150 percent of the 1998 federal poverty level. The department anticipates as of October 1, 2002, a family in Idaho will be eligible for program subsidies if its income is at or below 150 percent of the 2001 federal poverty level.

**From fiscal years 1997 through 2001 the number of enrolled families nearly tripled.**

**Figure 1.1: Idaho Child Care Program Average Monthly Participants, Fiscal Years 1997–2001**



Source: Office of Performance Evaluations' analysis of Department of Health and Welfare data.

**Table 1.2: Idaho Child Care Program Average Monthly Subsidies, Fiscal Years 1997–2001**

<u>Fiscal Year</u>	<u>Per Family</u>	<u>Per Child</u>
1997	\$159	\$136
1998	275	194
1999	299	204
2000	345	221
2001	378	232

Source: Office of Performance Evaluations' analysis of Department of Health and Welfare data.

The Idaho Child Care program is administered by the Department of Health and Welfare through various entities throughout the state. As shown in Figure 1.2, central staff are responsible for rulemaking, policy, and payment distribution; staff in the department’s seven regions are responsible for determining program participant eligibility; the advisory panel is responsible for making policy recommendations to the department; child care resource and referral agencies are responsible for registering and training providers and referring parents to child care providers in their regions; and public health districts are responsible for health and safety inspections.

Parents may apply just for child care assistance or may do so while applying for health care coverage, food stamps, cash assistance, telephone assistance, and/or nursing home care. After the department’s regional staff determines applicants’ program eligibility, resource and referral staff help applicants identify registered providers. Applicants may choose from several types of providers as shown in Table 1.3.

**During the same period, average monthly subsidies per family more than doubled.**

**Parents applying for assistance may choose from several types of providers.**

**Figure 1.2: Idaho Child Care Program Entities and Responsibilities**

<u>Responsible Entity</u>	<u>Responsibilities</u>
Central program staff	<ul style="list-style-type: none"> <li>• Rule-making and policy-making</li> <li>• Oversee contracts (except the child care resource and referral contracts)</li> <li>• Distribute subsidy payments to providers</li> <li>• Distribute quality improvement funds</li> </ul>
Regional staff	<ul style="list-style-type: none"> <li>• Oversee the regional child care resource and referral contract</li> <li>• Determine eligibility</li> </ul>
Advisory panel	<ul style="list-style-type: none"> <li>• Make recommendations to the department on program policies, use of quality improvement funds, and strategic planning</li> </ul>
Child care resource and referral agencies	<ul style="list-style-type: none"> <li>• Register and train providers</li> <li>• Provide resources for providers</li> <li>• Retain and recruit providers</li> <li>• Refer parents to providers for appropriate child care</li> </ul>
Public Health Districts	<ul style="list-style-type: none"> <li>• Perform health and safety inspections of child care facilities</li> <li>• Two districts contract with the department to provide resource and referral service</li> </ul>

Source: Office of Performance Evaluations’ interviews of department staff and referral agency staff.

**Table 1.3: Idaho Child Care Program Providers by Type, December 2001**

<u>Type of Care</u>	<u>Definition</u>	<u>Number of Providers</u>	<u>Percent of Total</u>
Center	Providers serving 13 or more children	747	22%
Group	Providers serving 7 to 12 children	471	14
Family and relative	Providers serving 6 or fewer children	2,156	63
In-home	Care given by a provider in the family's home, when special circumstances are present	35	1

*Source:* Idaho Code § 39-1102 (1998) and the Office of Performance Evaluations' analysis of Department of Health and Welfare data.

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# Requirements for Quality Child Care

## Chapter 2

As discussed in the introduction, concerns were raised that the Department of Health and Welfare could improve child care quality under the Idaho Child Care Program. To address these concerns, we reviewed information about quality child care, federal and state requirements, and information from other states pertaining to their child care programs and quality child care. We identified specific elements of quality child care that are commonly recognized by child care associations and researchers as promoting quality in the child care setting. In comparing the requirements placed on providers that offer care under the Idaho Child Care Program to the identified quality elements, we found the Idaho Child Care Program standards address limited elements of quality child care. Further, the licensing requirements to which some child care providers are subject also do not address most of the identified elements of quality child care. Conversely, many other states have more stringent child care standards that focus on elements of quality child care and some have incentive systems that reward providers for achieving certain quality related standards. Accordingly, we recommend the Department of Health and Welfare strengthen Idaho Child Care Program provider requirements to address elements of quality child care and create a progressive incentive system to reward providers that implement components of quality child care.

### **Some Elements of Child Care Are Generally Accepted as Promoting Quality**

While opinions vary on what constitutes quality child care, certain elements of child care are generally accepted by child care associations and researchers as promoting quality. The National Association for the Education of Young Children (NAEYC), the largest and most widely recognized child care association, has identified eight main quality child care components that child care centers must adopt to become accredited. The National Association of Family Child Care's (NAFCC) accreditation

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**National associations and others generally agree on certain elements of child care that promote quality.**

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program identifies six main quality standards. Research work recognized by the National Network for Child Care, a group offering information from various resources about children and child care, and Zero to Three, a non-profit organization promoting quality child care, note similar components of quality child care. Finally, a 1998 General Accounting Office report addressed elements of quality child care and noted components consistent with the other sources.<sup>1</sup> The common quality child care elements from these sources are presented in Figure 2.1.

### Idaho Child Care Program Requirements Address Few Components of Quality Care

As noted in the introduction, concerns were raised about the requirements the Department of Health and Welfare has

<sup>1</sup> U.S. General Accounting Office, *Child Care: Use of Standards to Ensure High Quality Care*, HEHS-98-223R (1998).

<b>Figure 2.1: Common Components of Quality Child Care</b>	
<u>Component</u>	<u>Includes</u>
Child-to-staff ratios	Sufficient number of adults to the number of children
Physical environment	Specified indoor and outdoor space size, appropriate materials and equipment
Health and safety	Emergency procedures, sanitation, constant supervision
Training/professional development	Training of providers in childhood development/early childhood education
Nutrition	Meals and snacks meet nutritional needs, USDA food program guidelines
Curriculum/developmental learning goals/activities	Planned activities and materials that facilitate learning
Lower staff turnover/continuity of care	Lasting provider-child relationships
Adequate caregiver wages	Wages sufficient enough to reduce provider turnover
Relationships among teachers and families	Teachers and families communicate and work together
<p><i>Source:</i> Office of Performance Evaluations' analysis of child care associations and research information; and General Accounting Office, <i>Child Care: Use of Standards to Ensure High Quality Care</i>, HEHS 98-223R (1998).</p>	



established for child care providers that receive payments for serving children in the Idaho Child Care Program and how those requirements compare to quality child care components. We reviewed the requirements of the Idaho Child Care Program and general licensing requirements for child care facilities in Idaho. We found:

- **The Idaho Child Care Program provider requirements address few of the factors identified as impacting the quality of care.**

Idaho Child Care Program standards require providers taking part in the program to meet limited conditions that address only a small number of quality child care elements. As shown in Figure 2.2, the Idaho Child Care Program requirements include basic safety standards, a signed agreement, certification of not being convicted of certain crimes, and a provision that parents have unlimited access to their children while in care. The only quality child care elements addressed by these requirements are health and safety related.

An additional requirement for providers participating in the Idaho Child Care Program is the provider obtain a state or local child care license if required to do so. Idaho Code requires child care

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**We reviewed program requirements for participating child care providers.**

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**Requirements placed on providers participating in the program are generally limited to health and safety measures.**

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### **Figure 2.2: Idaho Child Care Program Provider Requirements**

1. Child care provider licensing (if required)
2. Health and safety requirements
  - a. Age of provider
  - b. Sanitary food preparation
  - c. Food storage
  - d. Hazardous substances
  - e. Emergency communication
  - f. Smoke detectors, fire extinguishers, and exits
  - g. Hand washing
  - h. CPR/first aid
  - i. Health of provider
  - j. Reporting of suspected child abuse
3. Child care provider agreement
4. No conviction or withheld judgment of certain crimes
5. Not under the purview of Child Protection Act or Juvenile Justice Reform Act
6. Parent or caretaker access to child care premises

Source: Department of Health and Welfare, *Idaho Child Care Program Handbook*.

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**Participating child care providers must also obtain a state or local license if applicable.**

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centers (facilities caring for 13 or more children) to be licensed and meet requirements that are also primarily health and safety related, although minimal provider training is required.<sup>2</sup> Whether they participate in the Idaho Child Care Program or not, child care centers are required to obtain a license. Additionally, Idaho Code permits local authorities to establish a licensing requirement.<sup>3</sup> If local standards are more stringent, local licensees are not required to obtain a state license. Group care, family day care, and relative care providers are not required to obtain state licensure.<sup>4</sup>

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**Some local governments in Idaho impose licensing requirements that are more stringent and apply to more facilities than the state licensing requirements.**

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Our review of licensing ordinances and other information for the eight Idaho cities that have imposed a local licensing requirement revealed that local standards generally addressed more of the identified quality standards than did state licensing standards.<sup>5</sup> The local licensing requirements also extend beyond state licensing requirements and require that group care homes, and in most cases the family day care homes be licensed. Further, the licensing requirements for many of the localities generally strengthen the staff to child ratios required by the state. For example, for the 18 to 24 month age range, five of the localities require lower child to staff ratios than the state's 12:1 requirement. Additionally, the local requirements, in most cases, address mixed age groups in determining child to staff ratios and only allow employees or staff actually engaged in child care to count toward the ratio. State licensing requirements do not address mixed age groups and allow all adults present to count in meeting its ratio.

### **Other States More Extensively Address Quality Child Care**

As part of the survey sent to other select states, we asked for information on certain quality requirements in place for child care providers operating in each state. In comparing Idaho Child Care Program requirements to standards that pertain to quality child care in other states, we found:

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<sup>2</sup> IDAHO CODE §§ 39-1101-19 (1998 & Supp. 2001).

<sup>3</sup> IDAHO CODE § 39-1108 (1998).

<sup>4</sup> IDAHO CODE § 39-1114 (1998). Group care facilities, however, must obtain a criminal history check and fire inspection certification.

<sup>5</sup> Idaho cities with child care licensing ordinances include Boise, Chubbuck, Coeur d'Alene, Lewiston, Moscow, Pocatello, Jerome, and Hailey.

- **Idaho child care requirements are less stringent than the standards used in many other states.**

All other states surveyed had lower child-to-staff ratios for most age ranges compared to the state requirements for child care centers in Idaho.<sup>6</sup> Of the 17 responding states, all require fewer children per staff member in most age groups. For example, for children between 0 to 9 months of age, the child to staff ratios range from 3:1 in Maryland to 5:1 in Kansas and North Carolina. However, Idaho's ratio is 6:1 for children in this age range—the highest ratio for that age level of all responding states.

Additionally, at 18 months of age Idaho's ratio is 12:1 while the other states range from 4:1 to 8:1. Moreover, the ratios for children at these younger stages is likely more important because according to scientific studies, the ages from zero to three years is the most important stage for determining the future operation of a child's brain.<sup>7</sup> Ratios for Idaho and the responding states are detailed in Appendix A.

In addition to more stringent child to staff ratios, many states also had other quality based requirements for child care facilities that are not present in Idaho. Of the 17 states that responded to the survey, the quality standards for each facility type reported are shown in Table 2.1.

In all but one state, these requirements applied both to facilities taking part in the subsidy program and to non-participating facilities.

Additionally, in a more detailed review of three states we found other quality elements required by the states in licensing of child care centers.<sup>8</sup> All three states required at least 75 square feet of outdoor play space for each child. Idaho Code does not address outdoor space requirements. While Idaho state licensing, and several of the local licensing standards, require four hours of annual training for licensed providers, Washington requires ten hours of annual training for directors, supervisors, and lead staff, and Oregon requires child care workers attend at least 15 hours of annual training related to child care.

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<sup>6</sup> IDAHO CODE § 39-1109 specifies that only fire safety may be considered in establishing child-to-staff ratios.

<sup>7</sup> Zero to Three, *Brainwonders* (visited 10 August 2002), <<http://www.zerotothree.org/brainwonders/parents-body.html>>; and Kotulak, Ronald, *Learning How to Use the Brain* (1996).

<sup>8</sup> The three states are Washington, Oregon, and North Carolina.

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**Other states we surveyed impose lower child to staff ratios than does Idaho.**

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**Requirements in some other states also address nutrition, curriculum, and provider qualifications.**

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**Some states also address outdoor play space areas and require more annual training than Idaho.**

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**Table 2.1: Number of Surveyed States’ Requiring Selected Quality Standards, by Provider Type**

<u>Standard</u>	<u>Center Child Care</u>	<u>Group Day Care</u>	<u>Family Child Care</u>
Specified nutrition guidelines	15	7	9
Early childhood curriculum	4	1	0
Education:			
Director or supervisor certain level of childhood experience or education	15	3	2
Staff certain level of childhood experience or education	11	3	3
Staff high school diploma	12	3	4

Source: Office of Performance Evaluations’ analysis of survey responses received from 17 states.

Consequently, to address child care standards for Idaho Child Care Program providers:

*We recommend the Department of Health and Welfare standardize and strengthen provider participation requirements for the Idaho Child Care Program to include accepted quality care components.*

### **Other States Have Incentive Programs to Promote Quality Child Care**

Because concerns for this evaluation centered on activities to improve child care quality, we researched innovative methods used to encourage providers to provide quality child care. We found:

- **The Idaho Child Care Program does not offer greater reimbursement to providers that exceed minimum child care requirements and improve the quality of child care, as has been done in some other states.**

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### **We looked for methods to encourage quality child care.**

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The Idaho Child Care Program does not have a system to provide higher reimbursement rates to encourage and reward providers that exceed minimum quality child care requirements. Under the program’s current structure, child care facilities receiving subsidy

reimbursements for the care of eligible children do not receive any more funds for implementing quality child care components than does a facility that only meets the program's minimum requirements.

According to a researcher from the Public Policy Institute at Georgetown University, as of early 2000 at least 15 states had implemented programs to provide greater reimbursements to child care facilities that had received an accreditation from a child care accrediting organization.<sup>9</sup> Additionally, some of the states included in our survey reported that they offer higher reimbursement levels to providers that go beyond minimum child care quality standards. For example:

- Wisconsin, Minnesota, Connecticut, and Utah offer a higher reimbursement to providers that obtain accreditation from a national association, such as the National Association for the Education of Young Children (NAEYC).<sup>10</sup>
- Oregon offers a higher reimbursement rate to its certified centers and group homes and allows family providers and centers exempt from certification to receive the enhanced rate if certain training requirements are met.

While the tiered reimbursement system provides a financial incentive for facilities to achieve a certain quality related initiative, it is an all-or-nothing approach whereby the facilities either achieve it or they do not. Because an achievement like accreditation can be a large and time consuming undertaking, some facilities may not wish to pursue it.

However, North Carolina uses an incentive system that provides progressively higher levels of reimbursement to providers as they adopt additional quality child care components. Using a five-star scale, facilities are awarded one star for meeting minimum requirements and up to four additional stars for implementing certain quality elements such as increased staff education and achieving a history of compliance with the child care regulations. The more stars a facility is awarded, the higher its reimbursement

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**Idaho's program does not offer incentives for facilities to exceed minimum quality standards.**

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**Some states offer a higher reimbursement rate for providers that achieve higher standards.**

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<sup>9</sup> Gormley, William T., *Differential Reimbursement and Child Care Accreditation* (2000).

<sup>10</sup> Minnesota and Utah also award funds to facilities to aid in covering accreditation costs. Additionally, Utah provides yearly bonuses to accredited facilities.

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**One state created a progressive incentive system for providers that make incremental quality improvements.**

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rate. Additionally, the ratings serve to inform the public of the quality of care offered by the provider.

Under a system like North Carolina's, facilities are rewarded for incrementally increasing quality child care components instead of needing to add many quality components before receiving any recognition and monetary incentive. Therefore, to provide a financial incentive for providers to increase child care quality:

*We recommend the Department of Health and Welfare create a progressive financial incentive system that will increasingly reward Idaho Child Care Program providers that implement quality child care components.*

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# Quality Improvement Spending and Activities

## Chapter 3

Because concerns for this evaluation also focused on the use of program funds to impact child care quality, we assessed the Idaho Child Care Program’s expenditures on activities to promote quality child care. We reviewed federal requirements pertaining to quality expenditures and Department of Health and Welfare information reflecting actual spending of the Idaho Child Care Program on activities to promote quality child care. The Idaho Child Care Program exceeded federal regulations which require the department receiving the funds spend at least four percent of its program funds on quality child care initiatives. Because spending more than the minimum amount on quality child care activities may limit funds available for subsidies, we recommend the Department of Health and Welfare evaluate the level spent on quality to ensure that priorities are addressed while still maximizing the amount of subsidies that can be paid to Idaho families. However, the percentage of funds spent on quality child care activities in Idaho was comparable to those spent by other states we surveyed. Additionally, the Idaho Child Care Program quality funds spent supported numerous activities to increase quality child care which were generally comparable with initiatives used in other states.

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**We reviewed the department’s activities to promote quality child care.**

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### **Amount of Quality Improvement Funds Used Exceed Minimum Requirements**

The Idaho Child Care Program uses two different categories of funds for quality improvement activities. Earmarked funds are awarded by the U.S. Department of Health and Human Services to the Idaho Child Care Program to be used for certain types of quality activities. Specifically, funds are earmarked for quality improvement of infant/toddler care, quality improvement expansion, and school age care or programs and resource and referral activities. The other category of quality improvement funds is required by federal regulations, which calls for states to spend at least four percent of program funds on activities that

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**States must use earmarked quality improvement funds for their designated purpose.**

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**Additionally, states must spend at least four percent on activities that improve child care quality.**

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**The department has been able to spend more than the required four percent minimum on quality activities because the program can meet child care demands.**

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improve the quality of child care.<sup>1</sup> These monies can be used for the specific improvement needs of the state receiving the funds.

To determine if the Idaho Child Care Program met the requirement to spend four percent of program funds on quality child care, we assessed the quality expenditures. We found:

- **The Idaho Child Care Program has used more than the minimum amount required for quality child care activities.**

As shown in Table 3.1, Idaho spent more than four percent of its program funding on quality improvement activities in fiscal years 1999 through 2002. The percentage of funds used for quality improvement activities ranged from six percent to 12 percent annually during this period.<sup>2</sup>

The percentage of funds devoted to quality improvement activities in Idaho has been comparable to funding for these activities in other states. As Table 3.1 shows, the percentage of funding used for quality improvement activities varied from state to state with some states using less and others using more.<sup>3</sup>

Using a higher percentage of child care funds for quality improvement activities, however, may limit funds available for subsidies to eligible families. Because the Idaho Child Care Program is presently not operating at maximum program capacity, the department has been able to use a greater percentage of its program funds for activities intended to improve child care quality. For fiscal year 2003, the department forecasts it can comfortably meet its projected child care program demand while still spending over seven percent on quality promotion. The availability of quality funds beyond the four percent minimum requirement gives the department the ability to shift some of the excess quality funds to pay subsidies should the number of program applicants increase.

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<sup>1</sup> Expenditures of earmarked funds are not included in meeting the four percent requirement.

<sup>2</sup> These percentages do not include expenditures of earmarked funds.

<sup>3</sup> We were not able to determine from the surveyed states' responses whether quality child care expenditures using earmarked funds were included in the percentages provided.



**Table 3.1: Percentage of Child Care Funds Spent on Quality, by State<sup>a</sup>**

<u>State</u>	<u>FY1999</u>	<u>FY2000</u>	<u>FY2001</u>
California	4.1%	4.9%	4.3%
Connecticut	7.0	8.0	8.0
<b>Idaho<sup>b</sup></b>	<b>12.0</b>	<b>8.8</b>	<b>7.7</b>
Indiana	8.5	6.7	N/P
Kansas	14.2	23.5	23.2
Maryland	11.0	12.0	20.0
Minnesota	4.0	4.0	4.0
Nevada	8.3	9.3	12.0
North Carolina	4.0	4.0	4.0
Utah	10.0	11.0	7.0
Virginia	9.5	9.2	6.5
Washington	N/P	5.2	8.2
Wisconsin	N/P	10.0	21.0
Wyoming	21.0	25.0	30.0

<sup>a</sup> Percentages for Idaho do not include expenditures of earmarked funds. Surveyed states did not specify if earmarked expenditures were included.

<sup>b</sup> Idaho spent 6.1 percent in fiscal year 2002. This information was not requested from surveyed states since the survey was administered before year end.

Note: N/P=not provided.

Source: Office of Performance Evaluations' analysis of both survey responses received from other select states and Department of Health and Welfare expenditure data.

Therefore:

***We recommend the Department of Health and Welfare evaluate the level of funding for quality improvement activities to ensure priorities are addressed while maximizing the amount of subsidies that can be paid to Idaho families.***

## The Idaho Child Care Program Has Funded Numerous Quality Enhancing Activities

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**The department has spent quality improvement funds on resource and referral agencies, health and safety contracts, and a variety of different projects.**

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As part of our review, we also examined the specific quality improvement activities that were funded by the Idaho Child Care Program. We found:

- **The Department of Health and Welfare has used the Idaho Child Care Program quality funds for numerous initiatives addressing quality child care that are generally comparable to other states.**

The department has substantial flexibility in the use of program funds for quality improvement activities. While the earmarked quality funds are designated for more specific purposes, federal regulations covering the Idaho Child Care Program do not expressly require the quality funds to be spent on any quality activities or prohibit the use of the funds beyond certain construction, tuition, and sectarian costs.

The department has categorized its expenditures pertaining to quality child care into three categories. Specifically, the department has spent funds for quality child care on resource and referral agency contracts, health and safety contracts to the health districts throughout the state, and on a variety of different quality improvement projects. The amounts spent in each of these categories is shown in Table 3.2.

As shown in the figure, the largest quality expenditure is for resource and referral contracts. These are contracts awarded to non-profit agencies or health districts in each region that provide referral services and consumer education for all child care consumers. These agencies are also charged with recruiting and retaining providers for the Idaho Child Care Program. Resource and referral agencies also provide information and training to Idaho Child Care Program providers, track provider qualifications, and participate in community partnerships to address community child care needs. Currently, seven resource and referral agencies operate in Idaho.

The department also has spent quality funds on health and safety contracts. The department contracts with the seven public health districts to monitor child care provider compliance with health and safety standards and provide technical assistance to child care providers.

**Table 3.2: Idaho Child Care Program Quality Expenditures, Fiscal Years 1999–2002**

	<u>FY1999</u>	<u>FY2000</u>	<u>FY2001</u>	<u>FY2002</u>
Resource and referral	\$1,408,500 (54%)	\$1,509,600 (57%)	\$1,330,400 (51%)	\$1,279,800 (45%)
Health and safety contracts	457,900 (18%)	514,100 (20%)	490,200 (19%)	514,400 (18%)
Quality improvement projects <sup>a</sup>	<u>718,500 (28%)</u>	<u>606,000 (23%)</u>	<u>795,100 (30%)</u>	<u>1,068,600 (37%)</u>
Total	\$2,584,900	\$2,629,700	\$2,615,700	\$2,862,800

<sup>a</sup> Detailed list in Appendix B.

*Source:* Office of Performance Evaluations' analysis of Department of Health and Welfare expenditure data.

The remaining quality improvement funds have been used to support over 30 different projects to enhance child care quality since 1999, including projects supported with earmarked funds. The number of different quality activities funded each year ranged from 11 in fiscal year 1999 to 18 in fiscal year 2001. The amounts spent on the individual projects have also varied significantly. For example, in fiscal year 2001 department spending ranged from over \$99,000 on one project to \$1,800 on another. Additionally, in fiscal year 2002 quality improvement spending on particular projects ranged from \$200 to \$371,000. A complete listing of the projects supported with the department's quality funds and the amounts spent is in Appendix B.

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**The department has funded over 30 different quality improvement projects since 1999.**

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Based upon the survey responses received from 17 states, activities funded with quality monies in other states are generally comparable to those of the Idaho Child Care Program. For example, all 17 states reported that funds were spent on resource and referral agencies, with amounts ranging from \$155,000 in Wyoming to \$19,700,000 in California.<sup>4</sup> As previously discussed, the resource and referral expenditure was the Idaho Child Care Program's largest activity supported with quality funds.

<sup>4</sup> Because school-age resource and referral is a quality activity, which receives earmarked funds from the federal government, it can be expected that all states would have expenditures in this category.

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**Other states  
have used  
quality  
improvement  
funds for  
similar  
projects.**

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The states surveyed also used funding to support a variety of quality improvement activities, some of which are similar to initiatives funded by the Idaho Child Care Program. For instance, at least four of the responding states have provided funding for Teacher Education and Compensation Help (TEACH). This program provides educational scholarships to child care workers and bonuses for educational achievements. Idaho has spent over \$170,000 on this program between fiscal years 1999 and 2002.

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# Additional Program Funding

## Chapter 4

In requesting this evaluation, the Joint Legislative Oversight Committee asked us to review available funds and determine if other monies were available. In order to address these concerns, we surveyed other states about their funding and reviewed pertinent literature. Although other states generally use the same funding sources as Idaho's program, we found that additional funds for providers may be available through the U.S. Department of Agriculture's Child and Adult Care Food Program. Therefore, we recommend the department include information on the program in the information disseminated to child care providers.

### **Funds Are Adequate to Sustain Current Efforts, but Additional Funds May Be Available to Enhance Child Care Quality**

As noted previously, the department currently has sufficient funding to provide assistance to all eligible program applicants and has been able to support quality improvement activities at levels well above the required minimum. Table 4.1 shows how child care funding has been used in the past two fiscal years. Direct benefits—the subsidies to low-income families to defray the cost of child care—make up the largest share (86 percent in fiscal year 2002) of program expenditures. As noted previously, quality improvement expenditures include costs for child care resource and referral contracts, public health district contracts, and other projects intended to improve the quality of child care. Finally, program operating expenditures include both administrative costs and costs associated with determining applicant eligibility for benefits.

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**Direct child care subsidies make up 86 percent of program expenditures.**

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In addition to the Child Care and Development Fund grant, Idaho has used federal Temporary Assistance to Needy Families monies to support the Idaho Child Care Program. Federal regulations allow states to transfer up to 30 percent of Temporary Assistance for Needy Families funds to the child care program; transferred

**Table 4.1: Idaho Child Care Program Actual Expenditures, Fiscal Years 2001–2002**

<u>Spending by Category</u>	<u>FY2001</u>	<u>FY2002</u>
Direct benefits <sup>a</sup>	\$27,288,100	\$27,751,400
Quality improvement	2,615,700	2,862,800
Operations including administrative costs	<u>1,645,600</u>	<u>1,651,800</u>
Total	\$31,549,400	\$32,266,000

<sup>a</sup> Includes direct TANF and TANF transfer sums.

Source: Office of Performance Evaluations' analysis of Department of Health and Welfare data.

**States may transfer up to 30 percent of TANF funds to their child care programs.**

funds are subject to Child Care and Development Fund grant rules. States may also use Temporary Assistance for Needy Families funds directly to provide child care assistance to certain populations.<sup>1</sup> These funds must be used in accordance with Temporary Assistance for Needy Families rules and regulations. In fiscal year 2002, the department used more than \$1 million in direct Temporary Assistance to Needy Families grant funds to directly supplement the Child Care and Development Fund grant. In total, more than \$7 million in direct and transferred Temporary Assistance to Needy Families funds were used for child care. These funds accounted for 22 percent of the state's total fiscal year 2002 expenditures for the Idaho Child Care Program.

**Other funds may be available to providers to help address the nutritional component of quality child care.**

Other federal grant funds available specifically for child care subsidies appear to be limited. However, the State Department of Education has funding available for eligible providers through the U.S. Department of Agriculture Child and Adult Care Food Program to assist providers with child care food costs. Currently 450 child care providers in Idaho participate in this program. Although at least one child care resource and referral agency actively provides information about this program to providers, at least one other does not unless information is requested by the provider. Therefore, it is unclear if all child care providers are aware of this program. Increased use of the food program by

<sup>1</sup> Direct Temporary Assistance for Needy Families funds are only used for working families meeting certain income guidelines.

Idaho Child Care Program providers may help address the nutrition component of child care quality.

Therefore:

*We recommend the Department of Health and Welfare include information about the U.S. Department of Agriculture Child and Adult Care Food Program in information disseminated to child care providers.*

Other states have used a variety of approaches to supplement funding for child care. For example:

- Colorado established a state income tax check off to provide funding for quality child care. In 1998, the check-off generated approximately \$150,000.<sup>2</sup>
- Massachusetts created a specialized license plate to provide funding for early childhood teacher training and accreditation. The license plate generated approximately \$125,000 between 1996–1999.
- Alabama earmarked a portion of its tobacco settlement proceeds for child care.
- Georgia has funded its pre-kindergarten program with a portion of lottery proceeds.

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**Several states also use other sources to generate funds for child care.**

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<sup>2</sup> A tax check off allows people to donate to a specific agency along with paying their income taxes.





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# Participant Eligibility

## Chapter 5

As discussed in the introduction, concerns were raised that the department may be able to use funds more effectively. To address these concerns, we reviewed state and federal statute and rule and administered a survey to other states. We found the department restricts participation in the program to families at lower income levels than most of the states we surveyed and Idaho's eligibility level has not been adjusted to keep pace with the cost of living. We recommend the department amend its administrative rules to specify eligibility rates based on the current federal poverty level. We also found Idaho's child care subsidy covers more providers' full cost than many other states we contacted.

### **Idaho's Program Eligibility Is More Limited, but Its Reimbursement Rate Covers the Full Cost for More Providers than Many States**

States have considerable discretion in establishing eligibility criteria and subsidy amounts. Federal regulations allow states to provide child care subsidies to participants with income levels up to 85 percent of the state median income. In Idaho, this would be \$2,838 monthly income for a family of three. We compared program eligibility levels to those in 17 other states. We found:

- **Idaho restricts participation in the Idaho Child Care Program to families at lower income levels than most of the states we surveyed.**

The department anticipates that as of October 1, 2002, eligibility for the Idaho Child Care Program will be limited to those earning less than 150 percent of the 2001 federal poverty level per month.<sup>1</sup> For example, a family of three will be able to earn no more than \$1,829 per month (\$21,948 annually) to be eligible for a program subsidy. As shown in Table 5.1, this anticipated

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**States have discretion in determining family income eligibility, however, it cannot exceed 85 percent of the state's median income.**

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<sup>1</sup> Currently Idaho's eligibility criterion is 150 percent of the 1998 federal poverty level, or \$1,706 for a family of three.

eligibility level will still be lower than 14 of the 17 states we contacted.

Of the 17 states we surveyed, nine based income eligibility criteria on various percentages of the federal poverty level and

**Table 5.1: Idaho Child Care Program Comparison of State Eligibility Levels for a Family of Three**

<u>State</u>	<u>Eligibility<sup>a</sup></u>	<u>Example (Family of 3 Maximum Monthly Income)</u>
California	75% of 1999 state median income	\$2,925
Connecticut	75% of 2002 state median income	3,966
<b>Idaho</b>	<b>150% of 1998 federal poverty level</b>	<b>1,706</b>
	<b>150% of 2001 federal poverty level (anticipated effective date: October 1, 2002)</b>	<b>1,829</b>
Illinois	50% of 1997 state median income	1,818
Indiana	181% of 2001 federal poverty level	2,207
Kansas	185% of 2001 federal poverty level	2,255
Maryland	50% of 2001 state median income	2,499
Minnesota	75% of 2002 state median income	3,501
Montana	150% of 2001 federal poverty level	1,829
Nevada	75% of 2002 state median income	2,785
North Carolina	75% of 2001 state median income	2,852
Oregon	185% of 2001 federal poverty level	2,255
Pennsylvania	200% of 2002 federal poverty level	2,503
Utah	56% of 2001 state median income	2,244
Virginia <sup>b</sup>	150% of 2001 federal poverty level	1,829
	160% of 2001 federal poverty level	1,950
	185% of 2001 federal poverty level	2,255
Washington	200% of 2002 federal poverty level	2,504
Wisconsin	185% of 2001 federal poverty level	2,255
Wyoming	185% of 2001 federal poverty level	2,255

<sup>a</sup> Maximum income per family to be eligible for subsidy.

<sup>b</sup> Different eligibility levels are applied in different regions.

*Source:* Office of Performance Evaluations' analysis of survey responses and follow-up telephone calls.

eight on a percent of the state's median income. Of those that based eligibility on the federal poverty level, Idaho had the lowest eligibility criterion at its current rate of 150 percent of the 1998 federal poverty level. However, two states set eligibility criteria at 150 percent of the 2001 poverty guidelines, the level to which the department anticipates raising its eligibility criterion in October 2002. The other seven states we contacted established an eligibility criterion of 180 percent or more of the 2001 or 2002 federal poverty levels.

None of the states we contacted set the eligibility rate at the federal maximum of 85 percent of the state median income. Of those that set income eligibility based on state median income, five established eligibility at 75 percent of the state median income. Further, Utah has set its eligibility criteria even lower, at 56 percent of the state median income, and Illinois and Maryland both established even lower eligibility levels at 50 percent of the state median income. While state median incomes vary, they are generally significantly higher than the federal poverty level.

Federal poverty guidelines are usually set in mid-February by the U. S. Department of Health and Human Services and reflect the previous calendar year's increases in the Consumer Price Index. For example, 150 percent of the 2002 federal poverty level set in February 2002, equaled \$1,878 per month for a family of three. In reviewing federal poverty guidelines, we found that:

- **Idaho's eligibility level has not kept pace with the cost of living.**

The department has not used the most current federal poverty guidelines when evaluating applicants' income level to determine eligibility for the Idaho Child Care Program. From January 1999 to September 2002 (anticipated), the department based eligibility determinations on the 1998 poverty guidelines, limiting the number of potential participants that would have been eligible had more recent federal poverty guidelines been used. Beginning in October 2002, the department anticipates it will begin basing determinations on the 2001 federal poverty guidelines even though the 2002 federal poverty guidelines have been available since February 2002. In order to keep Idaho's eligibility rate current with the cost of living:

*We recommend the Department of Health and Welfare amend its administrative rules to specify eligibility rates based on the current federal poverty level.*

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**Idaho has the lowest eligibility level of surveyed states.**

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**None of the states we surveyed set eligibility at the maximum income level allowed by federal regulations.**

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**The department has not used the most recent federal poverty guidelines in establishing program eligibility levels.**

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By adjusting the eligibility rate annually along with updates to the federal poverty level, Idaho’s eligibility rate would increase at the same rate as the cost of living and would allow more families to be eligible.

However, eligibility is only one factor in awarding program benefits. Another important component is the percentage of the total child care costs covered by the program. We found:

- **Idaho’s child care subsidy covers more providers’ full cost than many other states we contacted.**

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**The Idaho Child Care Program’s subsidies cover the full costs of 75 percent of all providers, more than many other surveyed states.**

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Idaho follows federal recommendations in setting the reimbursement rate for providers at 75 percent. Biannually, the department conducts a survey of all providers to determine current provider rates by region and type of facility.<sup>2</sup> The department then sets its reimbursement rate so that it would cover the full cost of 75 percent of all facilities. This reimbursement rate includes the “co-payment” which ranges from 1 to 60 percent of child care costs based on the applicants’ monthly income. If program participants choose higher cost providers, they must pay any cost above the established rate.

Only one state we surveyed reported covering a higher percentage of child care provider rates in its subsidy than did Idaho. Of the remaining states, nine covered provider rates at the same level as Idaho and seven others covered a smaller portion of child care provider rates.

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<sup>2</sup> Two of the states that set their local market rate at the same level as Idaho reimbursed unregulated child care providers at a lower rate. Another state that set its local market rate at the same level as Idaho reimbursed accredited providers at a higher rate.

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# Improving Program Operations

## Chapter 6

Another concern prompting this review was to determine how the program could operate more effectively. We focused our review on pertinent literature, meeting minutes, interviews, and reviewed the steps the department has already taken to improve the operations of the program. We found the department has taken a lead in improving the program by establishing an oversight committee which created a set of recommendations to improve the program, most of which the department has implemented or intends to implement in the near future. Although the department has made recent program changes, including improving payments to providers and increasing communication, more changes are needed. Specifically, we recommend the Department of Health and Welfare regularly report all program expenditures and information to the Idaho Child Care Program advisory panel. We also recommend the department improve the program website.

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**We reviewed methods to improve program operation.**

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### **Department of Health and Welfare Has Taken Steps to Address Program Problems, but Additional Changes Could Be Implemented**

In fiscal year 1998, legislative financial auditors reported the department did not use a portion of funding received through the Child Care and Development Fund grant and reverted \$2.5 million to the federal source. The audit also identified a number of other program concerns. The department subsequently created an ad hoc committee, called the Idaho Child Care Program Oversight Committee, to review these concerns and develop recommendations to improve the Idaho Child Care Program. This committee was made up of members of the child care community, not-for-profit agency representatives, legislators, and department staff.

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**The department created a committee to develop recommendations to improve the program.**

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In August 2000, the oversight committee submitted its recommendations for the Idaho Child Care Program to the

department director. We reviewed the department's efforts to address these recommendations and found:

- **The Department of Health and Welfare has made recent program changes in response to the oversight committee recommendations including improving payments to providers and increasing communication about the Idaho Child Care Program, but more changes are needed.**

The department has addressed many of the oversight committee's recommendations, the most time intensive of which has been to simplify the process of reimbursing providers for child care services. Payments are now made directly to providers, rather than issuing two-party checks that must be signed by both the provider and subsidy recipients. In addition, providers may have reimbursements paid by direct deposit, which costs less and is timelier than issuing a two-party check.

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**The department has taken a number of steps to address the oversight committee's recommendations.**

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To apprise providers of these changes, the central office staff conducted training sessions throughout the state and the department now requires newly registered providers to attend training sessions conducted by the child care resource and referral staff. The training, as well as additional program literature, have increased communication between the department and the providers.

The oversight committee made several other recommendations, many of which the department has either implemented or agreed to implement in the near future. For example, the committee recommended the department reimburse providers directly, evaluate the effects of the child care program on the overall child care market, develop standardized information for new providers statewide, and reduce the time taken to make eligibility determinations, as well as other operational changes.

In addition to improving payments to providers and increasing communication, the department also created an advisory panel in response to the oversight committee's recommendations. The advisory panel was created in June 2001, to help oversee the Idaho Child Care Program and make recommendations regarding the use of program funds for quality improvement projects. Like the oversight committee, the advisory panel includes members of the child care community, not-for-profit agency representatives, and department staff.

However, in addition to these changes, the department needs to strengthen information provided to advisory panel members. The panel was set up to help oversee the Idaho Child Care Program and advise the department on critical program issues. In spite of this, information provided to the advisory panel has been limited. Our review of panel meeting minutes and observation of a panel meeting indicated that little program financial information has been provided to panel members. This type of information is needed for the panel to effectively advise the department on the use of funds for quality improvement projects, program eligibility requirements, and subsidy reimbursement levels. Financial reports should include an assessment of actual expenses, projected expenses, and an estimate of projected program capacity. Therefore:

***We recommend the Department of Health and Welfare regularly report all expenditures and program information for the Idaho Child Care Program to the advisory panel.***

Finally, the department needs to take steps to address the oversight committee's recommendation to improve and expand the program's website. Information on the website is currently limited. For example, the website does not provide access to the current Child Care and Development Fund state plan, information for parents on finding quality child care, or include links to other available resources and guidance. In contrast, the State of Utah's Office of Child Care website has a quality child care section, links to national and local child care organizations, a page highlighting its advisory committee, and legislative updates. The quality care section includes a summary of each quality component and a series of brief surveys that parents can use to assess their provider's understanding of quality components. Since websites are a low cost medium accessible by a large number of stakeholders, it can be used to disseminate substantial amounts of information to many. Therefore:

***We recommend the Department of Health and Welfare improve its current use of the Idaho Child Care Program website by adding resources and pertinent literature.***

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**Information provided to the advisory panel has been limited.**

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**The Idaho Child Care Program website provides only minimal information.**

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# Child to Provider Ratio Requirements for Child Care Centers of Surveyed States, Federal Fiscal Year 2002

## Appendix A

Age	CA	CT <sup>a</sup>	ID	IL	IN	KS	MD	MN	MT <sup>a</sup>		
0–6 mos.	4:1 to 24 mos.	4:1 from 6 wks.	<b>6:1</b>	4:1 from 6 wks.	4:1 for infants	3:1	3:1	4:1 from 6 wks. to 16 mos.	4:1		
6–12 mos.				to 14 mos.							
12–18 mos.				5:1 from 15 mos.	5:1	5:1 to 30 mos.					
18–24 mos.				<b>12:1</b>	8:1	7:1 to 36 mos.	6:1			7:1 from 16 mos.	8:1
24–30 mos.	6:1 from 18 mos.										
30–36 mos.	12:1 from 24 mos.	10:1	<b>12:1</b>	10:1	10:1	12:1 from 3 yrs.	6:1	10:1 to kndrgrtn	10:1		
36–42 mos.	to kndrgrtn										
42–48 mos.											
48–54 mos.											
54–60 mos.											
60–66 mos.	14:1 from kndrgrtn	10:1	<b>18:1</b>	20:1	15:1	14:1 from kndrgrtn	15:1	15:1 from kndrgrtn	14:1		
66–72 mos.											
6–9 yrs.										20:1	16:1 from grade 1
9–12+ yrs.											

<sup>a</sup> Department of Health and Human Services, Administration for Children and Families, U.S. Child Care Bureau, *List of States and Territorial Offices*, (visited website 5 July 2002) <[www.acf.adhs.gov/programs/ccb/helpcont/stiffuce/stiffuce.htm](http://www.acf.adhs.gov/programs/ccb/helpcont/stiffuce/stiffuce.htm)>.

*Note:* Dotted lines indicate overlapping ages or ages that do not fit the categories given.

## Appendix A—Continued

Age	NC	NV <sup>a</sup>	OR	PA	UT	VA	WA	WI	WY
0–6 mos.	5:1	4:1 to 9 mos.	4:1 from 6 wks.	4:1	4:1	4:1 to 16 mos.	4:1 from 1 mo.	4:1	4:1
6–12 mos.		-----		5:1					
12–18 mos.	6:1	6:1 from 9 mos.		10:1	6:1	7:1	5:1 from 16 mos.	7:1	5:1
18–24 mos.		1:8							
24–30 mos.	10:1	13:1		10:1	6:1	7:1	10:1	10:1	8:1
30–36 mos.									
36–42 mos.	15:1	13:1		10:1 to grade 1	12:1	12:1	12:1 to kndrgrtn	13:1	12:1
42–48 mos.									
48–54 mos.	20:1	13:1		12:1 from grade 1	15:1	12:1 to kndrgrtn	15:1	17:1	18:1
54–60 mos.									
60–66 mos.	25:1	13:1	12:1 from grade 1	25:1	20:1 from kndrgrtn	15:1	17:1	18:1	
66–72 mos.									12:1 from grade 1
6–9 yrs.	25:1	13:1	12:1 from grade 1	12:1 from grade 1–3	25:1	20:1 from kndrgrtn	15:1	17:1	18:1
9–12+ yrs.									
9–12+ yrs.	25:1	13:1	12:1 from grade 1	15:1 from grade 4	25:1	20:1 from kndrgrtn	15:1	17:1	18:1
9–12+ yrs.									

<sup>a</sup> Department of Health and Human Services, Administration for Children and Families, U.S. Child Care Bureau, *List of States and Territorial Offices*, (visited website 5 July 2002) <[www.acf.adhs.gov/programs/ccb/helpcont/stiffuce/stiffuce.htm](http://www.acf.adhs.gov/programs/ccb/helpcont/stiffuce/stiffuce.htm)>.

*Note:* Dotted lines indicate overlapping ages or ages that do not fit the categories given.

*Source:* Office of Performance Evaluations' analysis of surveyed states' responses and Department of Health and Human Services website information (see footnote).

# Idaho Child Care Program Quality Improvement Projects and Expenditures, by Fiscal Year Appendix B

<u>Project</u>	<u>Project Type</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
After school care	School age care	\$ 0	\$ 50,300	\$ 23,500	\$ 13,000
Boise Cares	Provider training/incentive				24,000
Care for Kids	Provider training, developmental toys		5,000		68,400
Child care grants	Individual quality improvement grants to providers	275,900			
Child Care Project	Implementation of committee recommendations			1,800	371,300
Child Care Survey Project	Work on provider career lattice	1,500			
Children's coalition	N. Idaho Child Care Coalition		13,400	2,100	
Consultant	Facilitation service for oversight committee process	3,800	24,200	64,500	
Early Years Conference Scholarship	Provider scholarships				200
Easter Seals—T.I.M.E.	Provider training				113,800
Educational videos	Infant/toddler training			6,000	
Family resource center	School age care				15,000
Growing Place, The	Develop/operate model facility			99,100	257,600
Health districts	Training/technical assistance for providers	80,700	51,000	119,100	2,000
Hospitals	Child care facility		13,400	66,700	7,200
HUGS	Intergenerational child care program	34,000	34,000		
Just for Kids	School age care	45,300			
Kids in Danger	Safety inspections				4,600
QI Expansion	School age care			54,700	
Regional school age	School age care			21,100	
Salvation Army	School age care		26,300	48,600	
School Age Project	School age care			50,600	4,100

**Appendix B—Continued**

<u>Project</u>	<u>Project Type</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
School districts	School age care	160,300	130,800	59,200	38,400
Successful Kids Project	School age care		51,600	46,100	10,400
Supplies/printing/ postage	Materials—oversight committee public participation	50,100	29,300	19,300	
TEACH	Provider training/incentive	5,500	17,500	42,700	108,600
Training	Provider training	200	88,000	55,800	
Translation	Oversight committee public participation materials		700		
Travel/meeting expenses	Oversight committee public participation		22,300	14,300	
Universities/colleges	On-sight child care projects	61,200	27,700		
Xplor	School age care		<u>20,500</u>		<u>30,000</u>
<b>Total<sup>a</sup></b>		<b>\$718,500</b>	<b>\$606,000</b>	<b>\$795,100</b>	<b>\$1,068,600</b>

<sup>a</sup> May not sum due to rounding.

Source: Department of Health and Welfare data.

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# Response to the Evaluation





IDAHO DEPARTMENT OF  
**HEALTH & WELFARE**

DIRK KEMPTHORNE - Governor  
KARL B. KURTZ - Director

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September 3, 2002

**RECEIVED**

James H. Henderson  
Acting Director Office of Performance Evaluations  
Idaho State Legislature  
PO Box 83720  
Boise, ID 83720-0055

SEP 3 2002

PERFORMANCE EVALUATIONS  
IDAHO STATE LEGISLATURE

Dear Director Henderson:

The Department has received and reviewed your report on the study of *The Idaho Child Care Program*. We appreciate the time you spent with our staff and commend you for the thorough research conducted by your staff. Although, we feel that the Idaho Child Care Program has made great strides in improving child care in Idaho, we recognize that we must now focus our efforts on improving the *quality components* of child care.

As reflected in our response to the study, Phase II of the Idaho Child Care Project will focus on the design, development, and implementation of a professional development and incentive plan. We will work closely with the Idaho Child Care Advisory Panel and collaborate with other key stakeholders throughout the State. By the end of calendar year 2003, we are confident that our efforts, as well as the efforts of other key stakeholders, will result in enhanced and improved quality child care in Idaho.

Since your report makes seven recommendations, we have tailored our response to address each of those recommendations.

**Office of Performance Evaluation - Recommendation #1**

We recommend that the Department of Health and Welfare standardize and strengthen provider participation requirements for the Idaho Child Care Program to include accepted quality care components.

**Response to Recommendation #1:**

The Idaho Legislature determines the licensing standards for child care providers. In accordance with the State licensing standards, the Department has promulgated rules which set forth the Idaho Child Care (ICCP) provider participation requirements. The ICCP provider participation requirements, for the most part, mirror the licensing standards. However, with regard to quality care components, specifically, professional

development and incentive programs, it is the Department's intent to develop those programs as voluntary components for child care providers.

As part of the Department's strategic plan to strengthen individuals, families, and communities, the ICCP developed a project plan which included an objective to design a program for an Early Childhood Professional Development System.

Within the next 60 days, the ICCP staff will meet with key stakeholders to develop an approach, which compliments the Department's Strategic Plan by encompassing a professional development and incentive plan. By April 2003, the Department will develop a Request for Proposal in accordance with the plan. The Department clearly recognizes the need to focus resources toward enhanced quality for child care in Idaho.

**Office of Performance Evaluation - Recommendation #2**

We recommend the Department of Health and Welfare create a progressive financial incentive system that will increasingly reward Idaho Child Care Program providers that implement quality child care components.

**Response to Recommendation #2:**

In addition to the previous response, the Department would like to emphasize that it has made progress in assessing needs and defining baseline data concerning early childhood professional development. As a result of a survey conducted by the Department through Jason and Associates, the Department learned that parents and providers felt that increased pay to provider staff and incentives for continued training would increase the quality of child care in Idaho.

In May of 2002, the Department, through Boise State University, conducted a Child Care Provider Education and Training Survey, which established base-line data relating to education levels for provider staff. In prior years through the J.A. & Kathryn Albertson Foundation, and currently through Mountain States Group, the College of Southern Idaho, and SEICAA, the Department provides funding for projects to increase the number of accredited child care providers in Idaho.

In addition to the accreditation project, the Department funds the Training In a Manila Envelope (T.I.M.E) project through Easter Seals. The T.I.M.E. project provides training to child care provider staff through materials sent in a manila envelope. This project is especially vital to rural providers who have problems accessing more traditional training settings. The Department also provides funding for the Idaho Association for the Education of Young Children, Teacher Education And Compensation Helps, T.E.A.C.H project. This project provides scholarship funds to provider staff who are working toward a Child Development Associate (CDA) Credential, an Associate Degree, or technical certificate in the field of early childhood education.



These current efforts will remain funded until the Department establishes its professional development goals and objectives. At that time, the Department will evaluate its existing commitments and determine if continued funding is appropriate in light of those goals and objectives.

**Office of Performance Evaluation - Recommendation #3:**

We recommend the Department of Health and Welfare evaluate the level of funding for quality improvement activities to ensure priorities are addressed while maximizing the amount of subsidies that can be paid to families.

**Response to Recommendation #3:**

The Department will continue to be vigilant in its evaluation of the balance between funding for subsidies and quality programs.

**Office of Performance Evaluation - Recommendation #4:**

We recommend the Department of Health and Welfare include information about the United States Department of Agriculture Child and Adult Food Care Program in information disseminated to child care providers.

**Response to Recommendation #4:**

By October 30, 2002, the Department will contact each Resource and Referral Agency and verify that each agency includes information about the Child and Adult Food Care Program in their information packets to providers.

**Office of Performance Evaluation - Recommendation #5**

We recommend the Department of Health and Welfare amends its administrative rules to specify eligibility rates based on the current federal poverty level.

**Response to Recommendation #5:**

During the 2002 legislative session, the Department submitted a Decision Unit to increase eligibility to the 2001 Federal Poverty Guidelines. Implementation of new eligibility criteria using the 2001 Federal Poverty Guidelines will commence October 1, 2002. In addition, the Department is researching the feasibility and economic impact of a formula approach to eligibility guidelines. The formula approach would provide automatic adjustment to subsidies when there are changes in the Federal Poverty Guidelines. By November 30, 2002, the Department will have a final report regarding the feasibility study of a formula approach.

**Office of Performance Evaluation - Recommendation #6:**

We recommend the Department of Health and Welfare regularly report all expenditures and program information for the Idaho Child Care Program to the advisory panel.

James H. Henderson  
September 3, 2002  
Page 4 of 4

**Response to Recommendation #6:**

The Department, as an objective of Phase II of the Idaho Child Care Project, has committed to ensure a coordinated and consistent planning, administration and accountability structure for the Idaho Child Care Program. In addition, by December 2002, the Idaho Child Program will meet with the Child Care Advisory Panel and develop a format for reporting budget and program activities.

**Office of Performance Evaluation - Recommendation #7:**

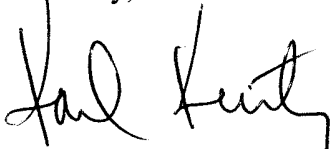
The Department improves its Idaho Child Care Program web site by adding resources and pertinent literature.

**Response to Recommendation #7:**

By March 2003, the Department, in conjunction with the Child Care Advisory Panel, will design and develop an enhanced web site for the Idaho Child Care Program.

If you have any questions, regarding this response, please do not hesitate to contact me.

Sincerely,



KARL B. KURTZ  
Director

KBK/hm  
Ljhenserson9-3-02

c: Scott Cunningham

## Performance Evaluations Completed 1998–Present

<u>Pub. #</u>	<u>Report Title</u>	<u>Date Released</u>
98-01	Public School Use of Tobacco Tax Funds	January 1998
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98-03	Management of State Agency Passenger Vehicles	October 1998
98-04	Management Review of the Idaho Commission for the Blind and Visually Impaired	October 1998
99-01	The State Board of Pharmacy's Regulation of Prescription Controlled Substances	June 1999
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00-03	Passenger Vehicle Purchase Authority and Practice in Selected State Agencies, Fiscal Years 1999–2000	September 2000
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00-05	Idaho's Medicaid Program: The Department of Health and Welfare Has Many Opportunities for Cost Savings	November 2000
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01-03	Improvements in Data Management Needed at the Commission of Pardons and Parole: Collaboration With the Department of Correction Could Significantly Advance Efforts	May 2001
01-04	The State Board of Medicine: A Review of Complaint Investigation and Adjudication	June 2001
01-05	A Review of the Public Works Contractor Licensing Function in Idaho	November 2001
01-06	A Descriptive Summary of State Agency Fees	November 2001
02-01	The Department of Environmental Quality: Timeliness and Funding of Air Quality Permitting Programs	June 2002
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02-03	A Review of the Idaho Child Care Program	November 2002

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