STATE OF CALIFORNIA -HEALTH AND WELFARE AGENCY

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814

August 29, 1991

ALL-COUNTY LETTER NO. 91-87

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY GAIN COORDINATORS

SUBJECT: 1991 REGIONAL MARKET RATE CEILINGS

The purpose of this letter is to transmit the 1991 Regional Market Rate (RMR) ceilings for California child care providers. Enclosure I contains the rate ceilings for the 1.5 standard deviations above the mean market cost of care, and Enclosure II contains the rate ceilings for the 75th percentile of the market rates. The RMR survey was completed by the California Child Care Resource and Referral Network (Network). The survey data will be utilized by the Greater Avenues for Independence (GAIN) Program when determining ceilings for child care payments [Manual of Policies and Procedures (MPP), Section 42-750.333]. The 1991 RMR ceilings will become effective October 1,1991, and will remain in effect until further notice.

As you may know, the County Welfare Directors' Association (CWDA) established a child care workgroup to act in an advisory capacity in developing the RMR survey and on other child care issues. Each member of the child care workgroup solicited suggestions from his/her designated Counties regarding needed improvements to the 1991 RMR survey. It was the consensus of the workgroup members, their designated Counties, the State Department of Social Services (SDSS), and the Network that the following goals be accomplished in establishing the 1991 RMR ceilings:

- reduce the need for mathematical calculations to account for particular child care situations;

- make the RMR ceiling document more reflective of the child care market; and

- make the RMR ceiling document simple to use.

We believe we have successfully met all of these goals with the 1991 RMR ceilings. To reduce the mathematical conversions utilized in the 1990 rate ceilings and to make the 1991 ceilings more reflective of how child care providers actually charge for care, it was necessary to create a statistically reliable sample of all types of rate categories (i.e., hourly, daily, weekly, and monthly). This was accomplished by more than doubling the survey sample size to 12,000 providers. This expanded sample allowed the Network to display all rate categories actually used by child care providers (full-time and/or part-time rates) by hourly, daily, weekly, and monthly formats. With the rate ceilings displayed in these formats, the need to make conversions from one rate category to another is eliminated; for example, converting an hourly rate ceiling to a weekly rate ceiling or converting a weekly rate ceiling to a monthly rate ceiling. Additionally, we hope this new format is easier to read and easier to use.

Although the increased sample size of 12,000 providers provided more volume for the sample, by categorizing the data by specific rate units (hourly, daily, weekly, and monthly) we continued to have a problem with data fields that were blank. In order to minimize the number of fields that were blank, the Network proposed replacing the County rate with a regional rate, when necessary to achieve a sample size of at least ten providers. A sample size of fewer than ten providers occurs in two instances: when the provider population in a County is small, and 2) when fewer than ten providers in a County use a specific unit to set their rates (hourly, daily, weekly or monthly). By utilizing the data from the larger regional sampling, we are assured of a statistically reliable RMR ceiling. The regions were created to include Counties with similar geographic, economic and demographic conditions. More information regarding the six specific regions will be available upon request from your GAIN consultant. The major impact of this change will be on small and medium-sized Counties where previous ceilings were based on fewer than ten providers. Some Counties will encounter increases in the RMR ceilings due to this change; others will encounter no change or actual reductions in rate ceilings.

The replacement of County rate ceilings with regional rate ceilings does not eliminate situations where Counties have less than three providers in a particular type of care. Those rate ceilings with asterisks(*) show there were less than three providers for a particular type of care in both the County rate survey and the larger regional rate survey. Counties would continue to pay the actual cost of child care in these situations per MPP Section 42-750.333 (c).

It is important to note that the RMR ceilings represent the maximum GAIN will pay for child care. If a provider charges less than the maximum ceiling rate, GAIN would pay the rate charged. However, should the actual cost of child care exceed the RMR ceiling, GAIN would not pay above the RMR ceiling. The participant (parent) would be responsible for the payment of the difference between the RMR ceiling and the actual cost of child care if he/she chooses to utilize a particular child care provider which charges more than the RMR ceiling.

During the past year, several Counties inquired about the development of different rate ceilings to account for higher and lower cost areas within their boundaries. In a joint effort, the Network, SDSS and the CWDA child care workgroup solicited interest from all Counties regarding their desire to have sub-regional ceilings established for their County. Prior to the beginning of the interview process for the survey, seven Counties volunteered to participate in a pilot project to sub-regionalize rate ceilings. Those Counties are: Contra Costa, Marin, Nevada, Riverside, Santa Clara, Ventura and Yolo. We will be requesting information from those Counties participating in the pilot project regarding the effectiveness of the sub-regional rate ceilings at a later date. Again, in instances where there are less than ten providers in a particular type of care, sub-regional rates are replaced with County rate ceilings or regional rate ceilings as applicable.

As you know, GAIN will pay for child care costs up to 1.5 standard deviations above the mean market cost of care, and Federal financial participation is available only up to the 75th percentile of the market rates. Child care costs above the 75th percentile must be tracked and claimed separately. Enclosure III includes definitions, instructions, and examples of claiming the difference between the 1.5 standard deviation and the 75th percentile. In some instances, Counties will experience a situation where the 75th percentile ceiling is the same as or even higher than the 1.5 standard deviation ceiling. This occurs when the variance between actual rates within a County is very small. When this situation does occur, the County would reimburse the cost of care only up to the 1.5 ceiling level, not the 75th percentile level. Additionally, all respective child care costs would be eligible for Federal reimbursement; no non-Federal (State only) costs would be claimed.

Just as a reminder, the Transitional Child Care (TCC) Program will also utilize the 1991 RMR ceilings; specifically, the 75th percentile rate ceilings (Enclosure II). The TCC Program will exclusively utilize the monthly rate ceiling as specified in All-County Letter (ACL) 91-85 dated August 26, 1991 entitled Implementation of the Amended TCC Payment Computation Regulations.

In order to provide a workable transition from the 1990 rate structure to the new 1991 rates, we are allowing Counties until October 1, 1991 to make changes to policies and procedures, and to update computer programming systems (if necessary). Additionally, this will allow the County to plan for the Notices of Action (NOAs) which will need to be completed when changing supportive service rates for child care. See All-County letter No. 90-102 for details regarding appropriate NOAs for this notification process. All Counties will be required to utilize the 1991 RMR ceilings as of October 1, 1991.

The methodology for the 1991 RMR rate survey and a copy of the mean rates, as requested by the CWDA child care workgroup, will be forwarded in an All-County GAIN Coordinators Letter in the near future.

If you have questions or concerns regarding fiscal claiming, questions should be directed to the Fiscal Policies and Procedures Bureau at (916) 445-7046.

If you have any questions or concerns regarding the 1991 RMR ceilings, please contact your County GAIN and Employment Services Operations Bureau Analyst at (916) 324-6962.

DENNIS J. BOYLE
Deputy Director

Enclosures

Enclosures I and II are being mailed to each County Welfare Director and GAIN Coordinator only.

CALIFORNIA CHILD CARE PROVIDERS
REGIONAL MARKET RATE CEILINGS - JULY 1991

EFFECTIVE DATE: OCTOBER 1, 1991

For the Greater Avenues for Independence (GAIN) Program, the 1991 Regional Market Rate (RMR) Ceilings are effective for child care provided from October 1, 1991 forward.

DEFINITIONS:

- Part-time care is less than 35 hours per week.
- Full-time care is 35 hours per week or more.
- Family Day Care is care provided in the provider's own home.
- Child Care Centers are facilities other than Family Day Care homes in which child care is provided in a group setting.
- Exempt Child Care is any child care arrangement that is exempt from child care licensing requirements.

  NOTE: The only exception to this rule is exempt-from-licensure child care centers operated on school grounds by school employees for before- and after-school child care. These schools and their employees are governed and regulated by the California Department of Education and thus need no further regulation.

  Those programs operated on school grounds but not by school employees are not exempt from licensing requirements.
- Special Needs Care is child care provided to children who are physically or mentally incapable of caring for themselves.

INSTRUCTIONS:

- The difference between the 1,5 standard deviations above the mean market cost of care and the 75th percentile of the market rates must continue to be claimed separately as a non-Federal reimbursement.

o Asterisked(*) rate categories means there are less than three providers for a particular type of care. Counties would continue to the actual cost of child in these situations, in lieu of RMR ceiling. The rate shown on an asterisked rate category is the rate of the one or two providers surveyed, and should only be used as an informational rate indicator, not as a RMR ceiling.

NOTE:
Counties should be aware that rate categories with less than three providers (*) often tend to be different than the typical manner in which child care providers charge for care. For example, full-time care for a child under two years of age is not typically charged on an hourly basis; full-time care is usually charged by the day, week or month. Another example would be that part-time care for a child under two years of age is not typically charged on a monthly basis; part-time care is usually charged by the hour, day, or week. The County should become familiar with the usual methods of how child care providers charge within their County.

o Blank rate categories usually occur in Counties where there are either no providers in a particular type of care or the providers that do provide care do not charge in that specific manner. The County should make every attempt to utilize those rate categories with RMR rate ceilings rather than utilizing a rate category that does not have a ceiling listed. Alpine County would be a good example of this situation: the hourly rate field for full-time, center based care for a child under two years of age is blank (no provider charged in that specific manner for full-time care); the County should attempt to persuade the provider to charge in a manner that would have a rate ceiling listed such as daily, weekly or monthly instead of having to create an hourly rate which is blank. If a child care provider requires payment in a manner which is blank and the County is unsuccessful in persuading that provider to change the way he/she charges, (i.e., to a non-blank rate category) the County should contact their GAIN Analyst for assistance.

The State Department of Social Services and the California Child Care Resource and Referral Network will work with the County to determine the appropriate rate for that category of care. Accordingly, that rate will remain in effect until the 1991 RMR ceilings are updated.

NOTE: Again, the County should become familiar with the usual methods of how child care providers charge within their County.

EXAMPLES FOR DETERMINING RATE CEILINGS:

A Kern County family consists of a mother, who is participating in a full-time GAIN on-the-job-training (OJT) component, and three children.

1. Mary (age 2) needs 10 hours of care per day.
   10 hours X 5 days = 50 hours per week.

2. John (age 10) needs 2.5 hours of care per day.
   2.5 hours X 5 days = 12.5 hours per week.

3. Sally (age 5) needs 4 hours of care per day.
   4 hours x 5 days = 20 hours per week.

All of the children receive care in a Family Day Care setting.

1. Mary needs full-time care (more than 35 hours per week) for children ages 2-5 (Preschool). The child care provider charges $75.00 per week. Compare the weekly ceiling (1.5 standard deviations) GAIN would pay for Family Day Care for children ages 2-5 ($72.78 per week) to the actual weekly rate charged ($75.00). GAIN would pay up to a maximum of $72.78 per week. The difference between the two rates ($2.22) would be the responsibility of the parent.

CLAIMING NOTE:

The County would calculate the difference between the 1.5 weekly ceiling ($72.78) and the 75th percentile weekly ceiling ($65.00), which is $7.78. The $65.00 would be claimed as a Federally eligible child care cost; the difference ($7.78) would be claimed as a non-Federal child care cost.

2. John needs part-time care (less than 35 hours of care per week) for children ages 6 and above. The provider charges $10.00 per day. Compare the daily maximum (1.5) GAIN would pay for Family Day Care for part-time care for children 6 and above ($7.99 per day) to the actual daily rate charged of $10.00. GAIN would pay up to the maximum of $7.99 per day, and the difference between the ceiling and the actual ($2.01 per day) is the responsibility of the parent.

CLAIMING NOTE:

The County would calculate the difference between the 1.5 daily ceiling ($7,99) and the 75th percentile daily ceiling ($6.00), which is $1.99 per day. The $6.00 would be claimed as a Federally eligible child care cost, the difference ($1.99) would be claimed as a non-Federal child care cost.

3. Sally needs part-time care (less than 35 hours per week) for children ages 2-5 (Preschool). The child care provider charges $2.00 per hour. Compare the hourly maximum GAIN would pay for part-time Family Day Care for children 2-5 ($2.33 per hour) to the actual hourly rate charged of $2.00 GAIN would pay the entire amount of child care.

CLAIMING NOTE:

The County would calculate the difference between the actual cost of the child care ($2.00 per hour) and the 75th percentile ceiling ($2.00 per hour). All costs for this child's care are below the 75th percentile ceiling, and are entirely eligible for Federal reimbursement.