

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814



August 8, 2006

ALL COUNTY LETTER NO. 06-28

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY CHILD CARE COORDINATORS**REASON FOR THIS TRANSMITTAL**

- State Law Change
- Federal Law or Regulation Change
- Court Order
- Clarification Requested by One or More Counties
- Initiated by CDSS

SUBJECT: REGIONAL MARKET RATE (RMR) CEILINGS FOR CHILD CARE PROVIDERS

REFERENCE: ALL COUNTY LETTER (ACL) 03-41, ALL COUNTY INFORMATION NOTICE I-74-05, AND ASSEMBLY BILL (AB) 1808, CHAPTER 75, STATUTES OF 2006

This letter provides information on the implementation of the 2005/06 RMR ceilings for California child care providers. RMR ceilings are the maximum amount child care providers can be reimbursed from the state for subsidized child care.

Background

The Budget Act of 2006 [Chapter 47, Statutes of 2006, Item 6110-196-0001, Provision 2 (b)] provides for payment of child care costs up to the 85th percentile of the market rates charged by providers who offer the same type of child care for the same age child in that region. It applies to California Work Opportunity and Responsibility to Kids (CalWORKs) and other child care programs administered by the California Department of Education (CDE). Previous RMRs were based on a statewide survey of over 14,000 child care providers. The resulting reimbursement ceilings were calculated at the county level, using county data or regional replacements in cases where there was insufficient county data.

2005 RMR Ceilings

The Budget Act of 2003 required CDE and the California Department of Social Services (CDSS), in consultation with the Department of Finance and the Legislative Analyst's Office, to develop a new survey methodology to be employed in future market rate surveys. CDE contracted with an outside entity to recommend a new survey methodology, develop a sampling plan, conduct the survey, and submit the resulting 2005 RMR ceilings to CDE for review.

The survey developed was based on a methodology of groupings of zip codes that have similar socio-economic characteristics (e.g., similar housing costs, population density, and employment rates). This methodology created one set of profiles for licensed family

child care homes and another for licensed child care centers. As a result, there would be several ceilings per provider-type in a county, and the ceiling in any one zip code would have been the same as that in other zip codes with the same market conditions.

CDE and CDSS received concerns from the field that this new RMR methodology would negatively impact families and child care providers in low-income neighborhoods. On November 9, 2005, CDE temporarily suspended the implementation of the 2005 RMR ceilings until further assessment of the provider and county concerns and the survey data could be completed.

The FY 2006/07 Trailer Bill, AB 1808, requires that the RMR ceilings be based on a county aggregate of the survey data. Each county will have one reimbursement rate according to type of child care, age of the child, and time base. Counties may access the 2005 RMR ceilings through the following web address:

<http://www.cde.ca.gov/fg/aa/cd/ap/index.aspx>.

The county reimbursement ceilings can be obtained by choosing the county from a drop down menu. Reimbursement ceilings for center-based care, family child care homes, and license-exempt care are available.

This web site is available to the public. This will enable parents to compare the maximum subsidies for various care settings and locations, thereby allowing them to make more informed decisions when choosing a child care provider.

The new reimbursement ceilings will be effective on October 1, 2006, 90 days after the enactment of the 2006 Budget Act. This will allow counties time to make any necessary system modifications, negotiate provider agreements impacted by the new ceilings, and inform families of any changes to their co-payments.

NOTICE OF ACTION (NOA)

The CDSS Manual of Policies and Procedures (MPP), Chapter 47-420.3, specifies that County Welfare Departments (CWDs) shall notify clients whenever there is an approval, denial, change, or discontinuance in the amount of a child care subsidy. With the implementation of the changes described in this letter, it is likely that many clients' child care payments will be affected.

To provide timely notice to these individuals, CWDs shall issue NOA's to these clients at least ten days before the change in child care benefit occurs. The reason for the change will be listed as, "The 2005 RMR survey resulted in a change in subsidy amount." A copy of the NA Back 9, Your Hearing Rights, must accompany each of these notices. CWDs are reminded that clients have the right to a hearing for the purpose of determining an incorrect subsidy or grant computation in accordance with MPP Section 22-003.

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If you have any questions regarding this letter, please feel free to contact the Child Care Programs Bureau at (916) 657-2144.

Sincerely,

Original Document Signed By:

CHARR LEE METSKER
Deputy Director
Welfare to Work Division

c: CWDA
CSAC