

CHILDCARE AND PARENT SERVICES PROGRAM (CAPS)

Stakeholder Engagement • 2016-2017
Process and Results

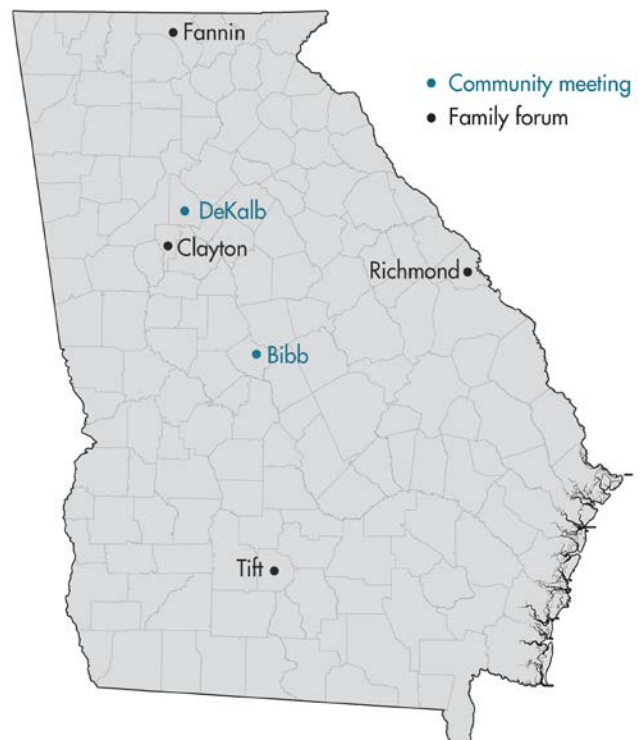


Executive Summary

Bright from the Start: Georgia Department of Early Care and Learning (DECAL) is the state agency responsible for meeting the child care and early education needs of Georgia's children and their families. DECAL is responsible for administering the child care program for low-income families funded by the federal Child Care and Development Fund (CCDF). In Georgia, the CCDF-funded child care assistance program is known as Childcare and Parent Services (CAPS). Recent changes related to the reauthorization of the federal law requires states to invest more of their CCDF dollars in raising the quality of early care and increasing access to high quality early care for low-income families. This is a shift in focus from primarily providing financial support to eligible low-income families to also ensuring access to high quality learning. In order to comply with changing federal guidance, DECAL, in the fall of 2016, announced changes relating to family eligibility and the CAPS funding model. However, DECAL decided to postpone most of those changes in order to engage in additional stakeholder feedback. This enabled program leaders to hear additional input from families and providers impacted by any changes to the CAPS program. DECAL began a process of collecting feedback from child care providers, early care and education advocates, businesses, philanthropic organizations, and other stakeholders interested in the well-being of children and families.

Specifically, the state sought feedback to help inform Georgia's plan to maximize access to quality child care; comply with the necessary federal guidelines; and ensure minimal disruption of services to children, families, and providers. During an extensive stakeholder engagement process, DECAL shared its vision and provided information on the CAPS program. Through the feedback process, DECAL leaders learned more about the needs of communities and families as well as needed supports for young children, gathered feedback on specific CAPS funding models, and learned about concerns and challenges of the program that some families and providers experience.

Location of Stakeholder Meetings



This stakeholder engagement process included 1) surveying all CAPS providers, 2) holding two public community meetings open to any interested persons, 3) engaging families through four family forums held at child care programs for recipients of CAPS, and 4) utilizing the DECAL Advisory Committee to provide specific recommendations. The Advisory Committee is an existing stakeholder group of child care providers, advocates, and family representatives convened by DECAL to study ongoing policy issues. As part of this stakeholder feedback, DECAL contracted with the Carl Vinson Institute of Government at the University of Georgia to facilitate the family, community, and advisory meetings and to analyze and compile the feedback and results. The process and results for this stakeholder engagement are detailed in this report.

In addition to complying with changes in federal law, DECAL is also preparing to assume full responsibility of the CAPS program including eligibility. Currently, DECAL contracts with the Department of Family and Children Services (DFCS) to handle eligibility. In addition to providing useful data on CAPS funding policy, this stakeholder engagement effort will also inform DECAL's next steps as it expects to begin full administration of the program in early 2018.

All stakeholder groups considered supporting children and families in high quality early education environments a priority. However, in terms of supporting specific funding mechanisms, the findings are mixed. In many cases, specific funding feedback depended on the audience engaged. For example, results from the family forum supported lowering the family fee, whereas results from the community meetings prioritized increasing the overall CAPS rate. With this feedback, the Advisory Committee was able to make recommendations to DECAL that encompass all the results from the stakeholder engagement.

Through this broad CAPS stakeholder engagement effort, DECAL engaged providers, families, child care industry representatives, and advocates to evaluate cost drivers and various funding scenarios. Stakeholders also provided feedback on the CAPS program and family support services to inform the future of how CAPS will be funded and operated. In summary, this stakeholder process provided a wealth of information that will continue to be used to inform CAPS policies and procedures.

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Background

Bright from the Start: Georgia Department of Early Care and Learning (DECAL) is the state agency responsible for meeting the child care and early education needs of Georgia’s children and their families. It administers the nationally recognized Georgia’s Pre-K Program, licenses child care centers and home-based child care, administers federal nutrition programs, and manages Quality Rated, Georgia’s community powered child care rating system. The department also houses the Head Start State Collaboration Office, distributes federal funding to enhance the quality and availability of child care, and works collaboratively with Georgia child care resource and referral agencies and organizations throughout the state to enhance early care and education. DECAL’s vision is that every child in Georgia will have access to high quality early care and education regardless of family income or location. In addition, DECAL administers federally funded child care programs for low-income families.

DECAL VISION

Every child in Georgia will have access to high quality early care and education regardless of family income or location.

DECAL is reviewing different options related to the Childcare and Parent Services (CAPS) program administration and funding. The federal Child Care and Development Fund (CCDF), enacted by Congress in 1990 and most recently reauthorized in 2014, provides a block grant to states to assist low-income families with the cost of child care and to improve child care quality. CAPS is Georgia’s state-administered CCDF child care assistance program. DECAL receives approximately \$209 million in CCDF funds. Of that \$209 million, approximately \$150 million is spent on CAPS in addition to the \$53 million in state match and \$2.5 million in state lottery funds. Families must meet eligibility requirements to participate in the CAPS program. Generally, families qualify for the program by income level and by meeting work or school requirements, but families may also qualify if they are in certain priority groups, such as families experiencing homelessness, victims of natural disasters, and children in foster care. While Georgia’s ability to serve all eligible families is limited by the amount of funding available, those in priority groups are able to access care even when funding is restricted. At the time the stakeholder engagement process described in this report started, CAPS was serving approximately 54,000 children per week.

Recent changes to federal law encourage states to invest more in the quality of care. This is a shift in focus from not only supporting working families with a safe place to send their children but also ensuring access to high quality learning experiences that best support children’s growth and development. The approximately 54,000 children in CAPS are served by more than



3,600 child care providers who participate in CAPS across the state, 76% of which are child care learning centers (CCLC).

Stakeholder Input

In order to comply with changing federal guidance, DECAL, in the fall of 2016, announced changes relating to family eligibility and the CAPS funding model. However, DECAL decided to postpone most of those changes in order to engage in additional stakeholder feedback. To inform the future funding model for CAPS, DECAL wanted to gather input from families, child care providers, and other stakeholders. DECAL employed four methods to collect input. First, DECAL created and distributed a survey to CAPS providers about proposed changes to CAPS. Second, DECAL engaged the Carl Vinson Institute of Government at the University of Georgia to facilitate and document two community meetings. Third, similar to the community meetings, the Institute of Government facilitated and documented four family forums around the state. Fourth, DECAL sought input from the DECAL Advisory Committee, a group of stakeholders that meets quarterly to give feedback on DECAL policies. The Advisory Committee is composed of child care providers, child advocates, family advocates, industry association representatives, and representatives from school systems with child care programs. The information gathered and the feedback collected from these four sources have provided DECAL with critical insights and have informed deliberations about developing alternatives for how the CAPS program may be administered in the future.

This report highlights the process and feedback received through the four methods of data collection.

The purpose of the community meetings was to allow all stakeholders an opportunity to share their insights about CAPS, components of quality child care, and meaningful support services for families. The community meetings were largely attended by child care providers, and they gave important feedback on the challenges of providing quality child care programs and some of the challenges families face with eligibility.

The four family forums provided the opportunity to hear directly from families about quality child care and what it looks like, feedback related to the CAPS program, and some of the factors that influence their selection of a child care provider.

The purpose of the December 2016 Advisory Committee meeting was to help the committee members understand and weigh the benefits and challenges of changing any of the three major cost drivers in the CAPS funding model. Advisory Committee members were asked to evaluate scenarios for funding that differed from the current model.



The purpose of the April 2017 meeting of the Advisory Committee was to hear a report on the feedback received in the two community meetings and the four family forums and to further discuss and evaluate scenarios for the CAPS funding model. Members of the Advisory Committee worked in small groups to analyze the input received and discuss similarities and differences in the input. The meeting concluded with committee members evaluating and ranking three potential CAPS funding scenarios. All four of these stakeholder engagement efforts are detailed further in the sections that follow.

CAPS Funding Model and Trade-offs

One of the key pieces of information DECAL wanted to collect from the various stakeholders was how the CAPS program funding should be structured in the future. The CAPS funding model has three main cost drivers: the base rate, a family fee, and Quality Rated tiered bonuses. This section provides some background on the CAPS funding model.

The base rate is the amount that the child care provider is entitled to receive in reimbursement for services to children in CAPS. Base rates vary by age of the child, child care setting, county, and type of care. The base rate includes the state's subsidy payment as well as an assessed family fee. This is not necessarily the same amount that the provider charges. The family fee is the portion of the base rate that many families are required to pay to the child care provider. Family fees are based on family income and the number of children in the family in CAPS care. The family fee does not include any additional amount the family may be responsible for paying when the child care provider's rate is higher than the CAPS rate. For example, if the CAPS rate is \$100 for a week, the family fee might be \$10; that would mean that CAPS pays the child care provider \$90. For many programs, the CAPS base rate is less than the program's stated rate. Therefore, programs have the option of charging the difference up to the program's stated rate. This is referred to as the rate differential.

Tiered bonuses are a percentage amount added to the state subsidy payments and are based on a program's Quality Rated star level. Quality Rated is Georgia's tiered quality rating and improvement system for child care programs that awards a star rating based on a variety of quality standards. Programs can receive a one-, two-, or three-star rating. Before October 1, 2016, programs would receive a 2% bonus for one star, a 5% bonus for two stars, and a 10% bonus for three stars. After October 1, 2016, those percentages increased to 5%, 10%, and 25%, respectively. The Quality Rated bonus is sometimes referred to as tiered reimbursement.

The Advisory Committee was asked to evaluate the impacts of and make recommendations related to increasing both base rates and tiered bonus amounts and lowering family fees. These changes could better support families and providers, but would also have the impact of serving fewer families.



In an effort to meet federal recommendations that were the result of reauthorization of the Child Care Development Block Grant (CCDBG), DECAL considered changes to how the state distributes CAPS funding. A key objective for CAPS is to improve access to high quality child care for low-income families. To meet this objective, CAPS funding would be used to help families select high quality child care and to support early education programs in raising their quality. Among the recommendations of CCDBG reauthorization, the federal government encourages

CAPS Funding Model Cost Drivers

Base Rate: The primary rate published and paid to a provider for a week of service for each child.

Family Fee: The amount of the CAPS base rate that each family is responsible for paying on a weekly basis for care given for each eligible child.

Quality Rated Bonus: The additional amount paid to a Quality Rated child care provider for care given to a CAPS-eligible child.

states to pay higher base rates, specifically at the 75th percentile of current market rates, and that family fees are capped at 7% of family income. Furthermore, families should remain eligible to receive assistance as long as their income does not exceed 85% of the state median income (SMI) and other CAPS requirements continue to be met. Without an increase in funding, meeting all of these recommendations would have resulted in a dramatic reduction in the number of children able to be served and could have required termination of assistance to many families currently enrolled in the CAPS program.

In response to the federal recommendations, DECAL proposed a new model for CAPS funding in the state plan for implementation in October 2016. Table 1 outlines three funding models discussed by stakeholders. The first column summarizes the funding model in use prior to October 2016. The second column summarizes the proposed funding model. The full proposal to change CAPS funding in October 2016 was tabled due to feedback from stakeholders and concerns about a reduction in the number of children served if the proposed changes went into effect. However, DECAL did implement a model that increased the Quality Rated bonus but left the base rate and family fee components unchanged.



Table 1. Current and Proposed CAPS Funding Models

	Prior to October 1, 2016	Proposed Model October 2016	Model Implemented October 1, 2016
Base Rate	\$89.34 a week on average. The base rate was at approximately the 20th percentile of 2013 market rates.	\$103.83 a week on average, an increase of 16% to the prior average. This would be at approximately the 50th percentile of 2013 market rates.	\$89.34 a week on average. This is at approximately the 20th percentile of 2013 market rates.
Family Fee	The family fee was assessed based on family income and the number of children served. On average, the family fee was approximately \$16.62 per child per week.	A fixed scale based only on family income was proposed with the fee capped at 8% of family income. The fee was waived for all families with income below 100% of the federal poverty level. On average, the family fee would be \$5.34 per child per week.	A fixed scale based on family income of children in care for an average fee per child per week of \$16.62.
Quality Rated Tiered Bonus	1 star = 2% bonus 2 star = 5% bonus 3 star = 10% bonus	1 star = 5% bonus 2 star = 10% bonus 3 star = 25% bonus	1 star = 5% bonus 2 star = 10% bonus 3 star = 25% bonus

As alternative approaches are considered for funding CAPS, there are trade-offs to consider. If more funds are provided for the base rate, Quality Rated bonus, or a reduction in the family fee, the number of children served declines. The challenge is finding the balance between quality, cost, and the resulting number of children served. DECAL developed a plan to gather additional input from providers, families, and the DECAL Advisory Committee to inform further changes to the CAPS funding model and support services.

CAPS Provider Survey

This section details the results from a DECAL-administered survey of early education providers about their perceptions of current CAPS policies and procedures, and the direction of the program. The purpose of the survey was to gauge providers' perceptions regarding several potential policy changes related to the 2014 federal reauthorization of the Child Care and Development Block Grant.

The survey was distributed to 3,180 owners and directors of child care programs serving children and families with active CAPS certificates. The survey was open from December 4 to



December 16, 2016. Preliminary results were shared with the Advisory Committee on December 15, 2016, with updated results shared on April 13, 2017.

This section highlights key quantitative findings. Qualitative analyses related to the survey comments will be reported at a later date. Additionally, further analyses may be conducted based on feedback from the Advisory Committee and DECAL leadership.

SURVEY SAMPLE

All eligible early education providers with active CAPS certificates were invited to participate in the survey. As of December 2016, there were 3,610 unique child care providers serving children with CAPS certificates. In some cases, providers operated multiple sites (430), which left a total survey population of 3,180. Six hundred and thirty-four providers completed the survey, resulting in a 20% response rate. Table 2 includes the distribution and response rate by program type.

Table 2. Distribution of Survey Respondents and Providers Who Serve Children Receiving CAPS by Provider Type

Program Type	Surveyed Population		Survey Responses		Response Rate
	N	%	n	%	
Family Child Care Learning Homes (FCCLH)	623	20%	126	20%	20%
Child Care Learning Centers (CCLC)	2,006	63%	404	64%	20%
Local School System	94	3%	55	9%	59%
Other	457	14%	49	8%	11%
Total	3,180	100%	634	100%	20%

[1] The percentages were rounded to the nearest percent. [2] Population numbers were gathered using DECAL's administrative data on December 9, 2016. [3] Only completed survey responses are included in the responses. [4] The surveyed population numbers are unique email addresses in DECAL's licensing data, not the actual population of child care providers in the state.

As displayed in Table 2, the majority of survey respondents were CCLCs. This percentage is similar to the population of providers with active CAPS certificates. Twenty percent of responses were from family child care learning homes (FCCLH), also mirroring the population. About 8% of the survey sample and 14% of the population of providers who serve children with CAPS certificates were classified as "other." Providers labeled as "other" included informal home-based child care or other licensed exempt child care centers.

PERCEPTIONS OF POSSIBLE CAPS PAYMENT SCENARIOS

To gather data on provider perceptions about possible CAPS payment scenarios, respondents were asked to consider four scenarios related to CAPS base rates, family fees, and tiered



bonuses. For each scenario, respondents rated whether the scenario was: (1) very harmful, (2) somewhat harmful, (3) about the same, (4) somewhat beneficial, or (5) very beneficial. Table 3 lists the four scenarios with the percentage selecting each option as well as the overall mean.

Table 3. Percentage of Respondents by Scenario

Scenario	Very Harmful (1)	Somewhat Harmful (2)	About the Same (3)	Somewhat Beneficial (4)	Very Beneficial (5)	Average Score
Keep the base rate and family fee at the current amount and serve the same number of children.	5% (33)	10% (60)	41% (252)	19% (113)	25% (151)	3.47
Reduce the family fee and serve fewer children.	35% (207)	34% (203)	19% (111)	8% (50)	5% (29)	2.15
Raise the base rate and serve fewer children.	29% (173)	29% (174)	21% (126)	16% (93)	5% (31)	2.39
Raise the tiered bonus amounts and serve fewer children.	30% (177)	29% (170)	26% (151)	11% (63)	5% (27)	2.31

The findings indicate that the majority of respondents view keeping the base rates the same and serving the same number of children as a less harmful direction for the CAPS program than raising the base rates or reducing the family fee at the expense of serving fewer families.

RATE DIFFERENTIALS AND OUTSTANDING BALANCES

In considering changes to CAPS rates on families and providers, the CAPS providers were asked about the difference in the provider rate and the CAPS base rate. For many programs, the CAPS base rate is less than the program’s stated rate. Therefore, programs have the option of charging the difference up to the provider rate (referred to as the rate differential). Respondents were asked whether they charged families this rate differential. If providers selected that they did charge families the rate differential, they were asked the amount they charge per week.



- 17% (108) of respondents reported they did not charge a rate differential.
- 22% (138) of respondents reported charging between \$1 and \$20 a week.
- 42% (266) of respondents reported charging between \$21 and \$50 a week.
- 17% (108) of respondents reported charging \$51 or more per week.

Overall, the results suggest that the majority of respondents charge a rate differential that is greater than \$20. Related to the above finding, families who are not able to pay their family fee or the differential amount may leave a program with an outstanding balance. Therefore, respondents were asked if families with a CAPS certificate had left their program with an outstanding balance. Table 4 displays the results. The findings are presented separately for CCLCs and FCCLHs because centers are able to serve more children.

Table 4. Percentage of Providers Reporting Families Leaving with a Balance

Number of Families Who Left with an Outstanding Balance	Child Care Learning Centers	Family Child Care Learning Homes
0	20% (81)	66% (82)
1 to 5	48% (192)	27% (34)
6 to 10	19% (75)	6% (8)
More than 10 families	14% (56)	

As the results demonstrate, only one in five of the child care centers reported that they did not have a family leave their program with an outstanding balance in the past year. The majority reported that they had one to 10 families leave the program with an outstanding balance. In contrast, the majority of FCCLH providers reported that they did not have a family leave the program in the past year with an outstanding balance.

Overall, the survey results suggest that most providers viewed raising the CAPS base rates, reducing the family fee, or raising the tiered bonus amounts at the expense of serving fewer children as harmful options for the CAPS program. These findings suggest that from a provider’s perspective the challenges with the current CAPS reimbursement rates will not be ameliorated by serving fewer children at higher reimbursement rates.



Community Meetings

All interested stakeholders, including families and providers, were invited to two publicly advertised community meetings to learn about and express their opinions about the proposed CAPS policies and other changes. The meeting in Bibb County was held on February 7, 2017, from 6:30 to 7:45 p.m. Approximately 50 people attended the meeting, 90% of whom were child care providers. The other 10% of participants were family members of children in the program and other stakeholders. The meeting in DeKalb County was held on February 23, 2017, from 6:30 to 7:45 p.m. Approximately

65 people attended, of which about 90% were child care providers and the other 10% were family members of children in the program and other stakeholders. DECAL staff and leadership attended and presented background information at both meetings. The meetings were facilitated by staff from the University of Georgia's Carl Vinson Institute of Government.

Community Meeting in DeKalb County



To allow all participants an equal voice and the ability to share their insights, participants worked in small groups, with four to eight people at a table. The Institute staff used ThinkTank™ software on laptop computers to collect input from each group simultaneously. Eight questions were asked of the audience, and all responses were anonymous. The responses were projected on a screen at the front of the room as they were received, allowing participants to get an idea of how the other tables were responding to the questions.

QUESTIONS AND CONCERNS

Community meeting participants came to the meeting with questions and concerns about CAPS. These questions and concerns centered on the use of priority groups, CAPS eligibility requirements, and payment of fees including payments to centers, especially when families transfer from one child care center to another while still owing payment to the original center. Customer service was another concern: Unavailable case managers, case managers not completing paperwork on time, and families not receiving information with sufficient notice



were all concerns that were voiced. Community meeting participants noted how critical CAPS is to their ability to stay in school or employed. CAPS providers acknowledged that CAPS funding improves child care quality and allows some child care centers to stay in business.

CAPS FUNDING MODEL

Community meeting participants were asked for their input on which of the three cost drivers in the CAPS funding model they would recommend changing first. Increasing the base rate was the first preference of the community meeting participants. Participants were also asked about the challenges they face in providing high quality child care programs. Retention of quality teachers and adequate funding were listed as top challenges.

SUPPORT SERVICES

As the eligibility function for the CAPS program shifts from the Division of Family and Children Services to DECAL, planning is underway to offer case management and family support services in new ways.

Community meeting participants were asked to prioritize the supports that would be most helpful to CAPS families. The top three supports or services noted by participants were:

- Supports for the whole family (health, mental health, education)
- Support with understanding the social-emotional behavioral health of children
- Having a connection be made with other state-supported services that families may be eligible for

Participants were also asked to identify other services and supports that might be helpful to families. Participants indicated that they want to be able to contact a “real person” when they have questions about and issues with CAPS. They would like CAPS availability to be extended to university students, instead of only technical college students. Participants would also like CAPS eligibility requirements to be more flexible, especially when a family’s income changes only slightly or when a family is having trouble affording a fee associated with child care. Other services they suggested were parenting classes, job and life skills training, job fairs, healthy food, and help with transportation.

Community Meeting in Bibb County



Family Forums

Four family forums were held at child care centers around the state. The family forums were held in Clayton County, Richmond County, Fannin County, and Tift County. Each forum was designed to elicit feedback from 10–12 family members whose children receive CAPS. The actual attendance varied. The meeting in Clayton County had 13 participants; Richmond County had 11 participants; Fannin County had six, due to a flu epidemic; and nine attended the meeting in Tift County. The family forums were held in the evening. Free, on-site child care and dinner were provided to eliminate barriers to participation.

During the feedback sessions, a facilitator from the Carl Vinson Institute of Government asked family members a series of open-ended questions and then a series of polling questions. This section summarizes responses to both sets of questions.

CHOOSING A PROVIDER

Families were asked what mattered most to them when looking for child care. Quality, safety, cleanliness, activities for children, staff interactions with children, orderliness, a family feel, and great teachers were all important to them. Families indicated that they want their children to be in a place where they can thrive and where families feel comfortable coming in at any time. Relationships with teachers and staff as well as providers with additional programs or services are also considered when choosing a provider. The polling data indicate that a provider that is close to work or school is slightly more important than a provider close to home. However, family members value safety, quality, and cleanliness above location.

County Location of Stakeholder Meetings



FINDING CARE

Families found child care in a variety of ways: recommendations from friends and other family members, online searches, the phone book, or just driving by and stopping.



QUALITY

Family members were asked to give words that come to mind when they think of a high quality child care program. *Smiles, happy children, activities, clean, colors, hands-on learning, manipulatives, artwork, discipline, and staff are happy and friendly to families* were all words and phrases used by families to describe “high quality.” Family members were also asked if they had an additional \$20 to spend on child care, how they would spend those funds. A list of options was provided that aligned to the benefits of a provider being Quality Rated. The top two items families would spend additional child care money on were programs focused on active learning and on teachers with high levels of training and certification.

COST

Families are sensitive to the balance of cost and quality when it comes to choosing a child care provider. Several of the family members selected their child care provider because it was the most affordable option at the time. Child care affordability is always affected by the other costs of living; CAPS is what allows many of these families to afford what they consider to be higher quality care. Some made sacrifices to keep their children in quality centers that were hard for them to afford. They all wanted quality care for their children and some were willing to pay for it, but not all could always afford it.

CAPS FUNDING MODEL

Participants were asked which cost driver they would want DECAL to change first. Forty-six percent of the participants said they would lower the family fee amount. The other participants were split on payments for higher quality and increasing the base amount of funds paid to child care providers.

SERVICES AND SUPPORTS

As administration of the eligibility function of the CAPS program transitions to DECAL, there may be an opportunity to provide families additional services and supports. Family members were asked which services and supports from a list provided would be the most helpful. Family members responded that help with connecting with other state programs would be useful. The other options like information on quality child care and the health and safety of providers were also said to be of use. Families indicated that the least useful option

CALi the DECAL mascot entertained the children at the family forums.



given would be help finding child care providers. This may reflect that this support already exists or that they are satisfied with their current provider.

When asked about other services and supports DECAL could provide families, participants mainly focused on services for their children. Families said help with homework and tutoring, more programs for children with special needs, counseling, and transportation to and from school would be of interest. Several families also noted that extended hours would be helpful.

Advisory Committee Meetings

The DECAL Advisory Committee met in December 2016 and in April 2017. The Advisory Committee is composed of child care providers, child care provider advocates, and advocates for children and families. As part of both the December and April Advisory Committee meetings, DECAL staff provided an update on some early education initiatives and the plan related to Quality Rated child care. DECAL reiterated its commitment that all providers must be Quality Rated by the end of 2020 in order to continue to receive CAPS funding. Quality is the top priority for the agency. DECAL leadership emphasized that they will work with providers to make sure supports are in place to help providers get started and become Quality Rated.

DECEMBER MEETING

The December meeting focused on helping the Advisory Committee understand and weigh the benefits and challenges of changing any of the three major cost drivers in the CAPS funding model. Advisory Committee members were asked to evaluate scenarios for funding that differed from the current model.

The following is a summary of the pros and cons developed by the Advisory Committee related to changing the cost drivers in the CAPS funding model.

Increasing Base Rate:

- Pros – Predictable funding model; increases the number of child care providers that may want to participate in the CAPS program; helps increase resources for providers to become Quality Rated
- Cons – No reward for quality; because of an increase for all providers, may not be enough to provide quality

Decreasing Family Fee:

- Pros – Less out of pocket for families to pay for child care
- Cons – No new money to invest in quality; does not address the issue of the difference in cost between what CAPS pays child care providers and what the provider charges



Increasing Quality Rated Bonus:

- Pros – Motivation for child care providers to increase or maintain quality, which increases the supply of quality child care across Georgia
- Cons – Less predictable funding model over time; sustainability

The Institute of Government facilitated a weighting exercise to gauge which of the cost drivers of the CAPS funding model the Advisory Committee prioritized highest for change. Using a pairwise comparison process, the Advisory Committee members allocated points ranging from 0 to 100 to three sets of paired factors. The consensus of the group was that changes to the tiered

Advisory Committee Weighting Priorities

- Increasing the Quality Rated bonus received 47% of the weight.
- Changing the base rate received 33% of the weight.
- Decreasing the family fee received 20% of the weight.

bonus related to Quality Rated providers was the most important, receiving 47% of the weight (out of 100%). Changing the base rate received 33% of the weight, and 20% of the weight went to decreasing the family fee. This process helped DECAL know that the Advisory Committee felt most strongly about incentivizing quality in the future CAPS funding model.

SCENARIOS

The Advisory Committee was provided five different scenarios for future CAPS funding. Table 5 summarizes the five scenarios presented. The Advisory Committee discussed both the advantages and disadvantages of each of the five scenarios.

Table 5. CAPS Funding Scenarios

CAPS Model	Family Fee (Average)	Base Rate (Average)	Tiered Bonus	Children Served
Scenario 1 – Current	\$16.62	\$89.34	5%, 10%, 25%	53,297
Scenario 2 – Decrease Family Fee	\$5.34	\$89.34	5%, 10%, 25%	45,934
Scenario 3 – Increase Base Rates	\$16.62	\$103.83	5%, 10%, 25%	44,187
Scenario 4 – Increase Tiered Bonus	\$16.62	\$89.34	15%, 20%, 40%	51,320
Scenario 5 – Proposed State Plan (Oct 2016)	\$5.34	\$103.83	5%, 10%, 25%	38,951



To conclude the December Advisory Committee meeting, participants were asked to prioritize the scenarios by eliminating two options. The Advisory Committee overwhelmingly recommended that DECAL eliminate scenarios 2 and 5. The Advisory Committee also asked DECAL to consider additional scenarios or hybrids of some of the options discussed.

APRIL MEETING

The purpose of the April 2017 meeting of the Advisory Committee was to hear the feedback received in the two community meetings and the four family forums and to further discuss and evaluate scenarios for the CAPS funding model. Members of the Advisory Committee worked in small groups analyzing input received and discussing similarities and differences in the input.

The Advisory Committee noted commonalities seen in the input about quality, including the following: a high interest in quality, a concern about cost, stakeholders know that high quality has a cost, and general support for highly qualified teachers providing active learning for students.

Differences noted by the Advisory Committee in input from the family forums and community meetings were that quality, cleanliness, and learning activities were priorities for participants in the family forums, whereas the funding for programs was a priority for participants in the community meetings, who were predominantly child care providers. Providers were also more interested in family engagement, while families were the least interested in that.

Advisory Committee members noted that family members recognize the importance and components of quality, but that the cost of increasing quality decreases the number of children that can be funded with CAPS. In addition, there is a risk that increasing quality will drive up costs for families with no subsidies. Even for families that receive CAPS, the amount of the subsidy is not reliable enough to count on when investing in better quality care. There is also a geographic component to the high quality problem: More affluent areas have fewer CAPS slots available. Better quality providers are attractive to everyone and fill up with higher income families who can pay full price.

When comparing input related to the CAPS cost drivers, stakeholders are in agreement that quality is important. Advisory Committee members noted that differences in the makeup of each group led to differences in how they suggested paying for quality: Community meeting participants favored raising the base rate, whereas family forum participants prioritized lowering the family fee. Each group was generally acting in its own interest. It was noted that providers have challenges collecting the family fee and that some providers are very focused on their mission to serve low-income families. One suggestion from the Advisory Committee was



that family education may help families know how much of the cost they are responsible for, thus decreasing the problem of nonpayment.

SCENARIO EVALUATION

DECAL refined the list of scenarios based on the existing federal funding, the fiscal year 2018 budget passed by the Georgia General Assembly, and the across-the-board feedback that reducing the number of children served would be harmful and was least desirable to all stakeholder groups. DECAL also worked to develop an option that incorporated components that helped raise quality while supporting families and child care providers. Based on stakeholder input and funding, DECAL eliminated scenarios 2, 3, and 5 and created a new scenario. In the April Advisory Committee meeting, the three remaining scenarios were reviewed (see Table 6). Scenario 6 was a hybrid of previous versions with an added incentive related to Quality Rated. Scenario 6, the proposed Quality Rated Family Fee Credit scenario, maintains increased tiered bonus rates for Quality Rated child care programs and provides a 15% reduction to the family fee for children in the care of a Quality Rated provider. The reduction does not depend on the rating; it applies to all Quality Rated providers. The credit reduces the family fee an average of \$5.80 a week or \$302 per year. For example, the current family weekly fee for a family of four with an annual income of \$32,317 and two children in care is \$65. The family fee credit for them would be \$9.75 per week or a savings of \$507 per year. Scenario 6 was added to the list for the Advisory Committee to evaluate.

Table 6. Scenarios for Comparison

CAPS Model	Family Fee	Base Rate	Tiered Bonus	Children Served in 2018	Children Served in 2021
Scenario 1 – Current	\$16.62	\$89.34	5%, 10%, 25%	54,661	51,915
Scenario 4 – Increased Tiered Bonus	\$16.62	\$89.34	15%, 20%, 40%	52,625	47,400
Scenario 6 – QR Family Fee Credit	15% Credit	\$89.34	5%, 10%, 25%	53,537	50,195

Note: All scenarios are based on an annual budget of approximately \$213 million; includes new state appropriations for tiered bonuses: \$5.5 million.



Advisory Committee members evaluated the three scenarios using keypad polling technology. It allowed them to use “clickers” to rate each scenario on how well it met each of the following three objectives using a five-point scale.

- Supports the 2020 Quality Rated policy
- Maximizes the number of children served
- Ensures affordability for families

The rating scale used five points ranging from (1) *Does not at all accomplish our objectives* to (5) *Completely accomplishes our objectives*.

Rating scores for each scenario are shown in Table 7. Scenario 1 accomplishes the objective of maximizing children served, getting ratings of 4 and 5 points, but it ranked lower on supporting Quality Rated and affordability. Scenario 4 had mid to high ratings on the Quality Rated objective, but scored very low on maximizing the number of children served and somewhat low on affordability. Scenario 6 also had mid to high ratings on the Quality Rated objective as well as mostly mid to high ranking on the other objectives.

A composite score for each scenario was tallied, with scenario 4 ranking highest on the Quality Rated objective with 41 points, scenario 1 ranking highest on the number of children served objective with 45 points, and scenario 6 ranking highest on the affordability objective with 41 points.

The unweighted point tally overall resulted in scenario 6 having the most points at 113 and scenario 1 having the second highest point total of 106.

Table 7. CAPS Funding Scenarios Rating Matrix

	Quality Rated	Children Served	Family Cost	Total
Scenario 1	33	45	28	106
Scenario 4	41	13	26	80
Scenario 6	37	35	41	113

The April 2017 meeting concluded with some open discussion to collect feedback from each of the Advisory Committee members. A majority of the Advisory Committee members shared that finding and retaining teachers and staff is their biggest challenge. Providers are struggling with a workforce leaving for other jobs and with the quality of their staff. Even providers who pay well are having trouble finding and retaining quality staff. Advisory Committee members also shared appreciation for DECAL’s efforts to gather input from so many stakeholders. As one member noted, “DECAL has been the most engaging and thoughtful of state agencies going



through a policy change.” Another added, “There is nobody better than DECAL to take on this program. They listen to constituents and try to adjust based on feedback.”

Conclusion

From all the feedback received across the four different methods DECAL used to gather stakeholder feedback to inform the future CAPS funding model, it is clear that both families and child care providers recognize the value of the CAPS program in helping low-income parents go to school or work. Another theme that emerged across the four sources of input is the importance of quality.

When considering the cost drivers for CAPS and how the program should be funded in the future, stakeholders participating in each of the four public engagement methods recognize that quality costs money. For example, community meeting participants, the large majority of whom were providers, said that paying for quality programs and finding and retaining qualified teachers are key challenges.

Stakeholders are also concerned about any dramatic decreases in the number of children served at the expense of raising the base rate or family fee. For example, respondents viewed maintaining the CAPS base rate and family fee at the current level as the least harmful option because a similar number of children can be served. To strike the balance between quality, serving the most children possible, and family affordability, the CAPS funding scenario that maintains tiered bonuses for Quality Rated programs and reduces the family fee for enrolling in a Quality Rated program was prioritized highest by the Advisory Committee.

As full administration of the CAPS program transitions to DECAL, there are great opportunities to improve customer service and assist families. When asked about additional family supports, community meeting participants said that supports for the whole family, assistance with understanding social-emotional behavioral health, and awareness of all available state-supported services would be helpful. Participants also felt that more assistance with parenting skills and job and life skills programs would be beneficial. Families said that help connecting with other state programs and improving case management would be helpful supports.

The CAPS provider survey, the community meetings, the family forums, and the input of the Advisory Committee provided a robust set of data that will inform how DECAL moves forward in funding and managing the CAPS program in the future.



APPENDIX A

COMPARISON TABLES OF STAKEHOLDER INPUT

Table A1. Comparison: Quality

CAPS Provider Survey	Advisory Committee	Family Forum	Community Meeting
<p>The majority of CAPS providers have at least started a Quality Rated application.</p> <p>Quality Rated providers were more likely than providers who were not participating or participating but not rated to complete the survey than providers who were either not participating or participating but not rated.</p>	<p>Priority is to increase the number of Quality Rated providers.</p> <p>By end of 2020, providers must be Quality Rated to continue to receive CAPS funding.</p>	<p>Families recognize that quality child care may cost more.</p> <p>Words family members use to describe high quality include <i>happy children, clean, activities, hands-on learning, friendly staff, and discipline.</i></p> <p>Active learning environments and teachers with higher levels of teacher training and certification are the Quality Rated criteria family members value most.</p>	<p>Challenges:</p> <ul style="list-style-type: none"> • Funding for quality care • Finding and retaining qualified teachers • Lack of family engagement • Meeting family member demand to be open more hours a day • Equipment and material costs



Table A2. Comparison: Cost Drivers

CAPS Provider Survey	Advisory Committee	Family Forum	Community Meeting
<p>Providers preferred to continue to serve the same number of children when changes would mean serving fewer children.</p> <ul style="list-style-type: none"> • 58% viewed raising the CAPS base rate as a harmful option. • 59% viewed raising the Quality Rated tiered bonus as a harmful option. • 69% viewed reducing the family fee as a harmful option. • 15% viewed keeping base rates the same as a harmful option. <p>Quality Rated providers, especially 3-star providers, were more likely to prefer to raise the Quality Rated bonus over raising the base rates. One-star providers were more likely than 2- and 3-star providers to report that the tiered bonus amounts were too low.</p>	<p>Increase Quality Rated bonus</p> <p>Weighted values:</p> <ul style="list-style-type: none"> • 47% tier quality • 25% base rate • 19.5% family fee 	<p>Decrease family fee</p> <p>Ranking:</p> <ul style="list-style-type: none"> • 27% increase Quality Rated bonus • 26% increase base rate • 47% lower copay amount 	<p>Raise the base rate</p> <p>Number voting:</p> <ul style="list-style-type: none"> • 25 increase the Quality Rated bonus for Quality Rated programs • 71 increase the base rate • 10 decrease the family fee <p>Note: Several participants noted that it can be very challenging to collect the family fee.</p>



Table A3. Comparison: Support Services

CAPS Provider Survey	December Advisory Committee	Family Forum	Community Meeting
Not specifically asked. Will be addressed in an upcoming customer service survey	Not discussed	<p>Help connecting with other state programs</p> <p>Information about the quality of child care</p> <p>Information on health and safety of providers</p> <p>Support and information on my child’s developmental stages</p> <p>Help with CAPS program/ better customer service</p> <p>Support and information if I am experiencing problems with my child</p> <p>Other suggested services and supports:</p> <ul style="list-style-type: none"> • Tutoring • Transportation • Extended hours 	<p>Supports for the whole family (health, mental health, education)</p> <p>Support with understanding the social-emotional behavioral health of your child</p> <p>Having a connection be made with other state-supported services that you may be eligible for</p> <p>Other suggested services and supports:</p> <ul style="list-style-type: none"> • Improved case management; “live person” • Parenting classes • Job and life skill training • Job fairs • Transportation



Table A4. Comparison: Customer Service and Administration

CAPS Provider Survey	December Advisory Committee	Family Forum	Community Meetings
Not specifically asked. Will be addressed in an upcoming customer service survey	Not discussed	Eligibility categories should be either/or, not needing to meet both categories	Need to improve case manager accountability
		Improve customer service	Timely communications; especially with recertification
		Notification methods and process can be improved /more reminders/ more timely	Need to talk with a real person to resolve issues
			Improve processes to ensure parents pay co-pays
			Need transition coordinators

