Section 4: Parental Choice, Equal Access, Payment Rates, and Payment Practices

Core purposes of CCDF are to provide participating parents choice in their child care arrangements and provide their children with equal access to child care compared to those children not participating in CCDF. CCDF requirements approach equal access and parental choice comprehensively to meet these foundational program goals. Providing access to a full range of child care providers helps ensure that families can choose a child care provider that meets their family's needs. CCDF payment rates and practices must be sufficient to support equal access by allowing child care providers to recruit and retain skilled staff, provide high-quality care, and operate in a sustainable way. Supply-building strategies are also essential.

This section addresses many of the CCDF provisions related to equal access, including access to the full range of providers, payment rates for providers, co-payments for families, payment practices, differential payment rates, and other strategies that support parental choice and access by helping to ensure that child care providers are available to serve children participating in CCDF.

In responding to questions in this section, OCC recognizes that each Lead Agency identifies and defines its own categories and types of care. OCC does not expect Lead Agencies to change their definitions to fit the CCDF-defined categories and types of care. For these questions, provide responses that closely match the CCDF categories of care

4.1 Access to Full Range of Provider Options

Lead Agencies must provide parents a choice of providers and offer assistance with child care services through a child care certificate (or voucher) or with a child care provider that has a grant or contract for the provision of child care services. Lead Agencies must require providers chosen by families to meet minimum health and safety standards and have the option to require higher standards of quality. Lead Agencies are reminded that any policies and procedures should not restrict parental access to any type or category of care or provider (e.g., center care, home care, in-home care, for-profit provider, non-profit provider, or faith-based provider, etc.).

4.1.1 Parent Choice

a. Identify any barriers to provider participation, including barriers related to payment rates and practices, (including for family child care and in-home providers), based on provider feedback, public comment, and reports to the Lead Agency. *According to the 2021 Market Rate Survey, providers reported the following reasons for not participating in CCDF: 35 percent stated the families they currently served would not qualify for child care subsidy; 20 percent stated there was too much paperwork involved; 19 percent stated they were at full enrollment without participating; 15 percent stated families in the area they operated would not qualify; 11 percent stated payment rates were too low; and 10 percent stated payments took too long to receive. Beginning in May 2021, in response to the pandemic, the Lead Agency used funds from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and American Rescue Plan Act (ARPA) to pay all differences when the provider's rate exceeded the subsidy payment, effectively paying the full price of care for all families. Despite removing all barriers related to provider payment rates, the Lead Agency saw no increase in provider participation. This outcome indicates that payment rates are not the most significant barrier to participation* *and reinforces the 2021 data that other barriers are more impactful in determining participation rates. Overall, the most significant barrier is that many providers operate successfully without participation and see no benefit to their business by taking on the perceived burdens of participation.*

b. Does the Lead Agency offer child care assistance through vouchers or certificates?

☒ Yes.

☐ No.

c. Does the Lead Agency offer child care assistance through grants or contracts?

☐ Yes.

☒ No.

d. Describe how the parent is informed that the child care certificate allows the option to choose from a variety of child care categories, such as private, not-for-profit, faith-based providers; centers; family child care homes; or in-home providers. *CAPS staff provide consumer education to families during the application or redetermination process about different child care provider options. CAPS staff, a resource and referral website known as Find Help GA, and the 1-877-ALLGAKIDS referral helpline are available to help parents select a child care provider. QualityRated.org, all CCR&R agencies, and the statewide call center maintain information on Quality Rated providers and child care providers who accept CAPS subsidies to share with participating families. If a family needs guidance on how to select a child care provider, CAPS staff or staff at the All Georgia Kids call center are available to assist. This information is also shared during community outreach, workshops, or other in-person activities.*

e. Describe what information is included on the child care certificate. *Information included on the child care certificate includes details on the child, the parent, the provider, the type of care, and payment amounts. The certificate reports the provider rate, family fee, and CAPS weekly payment amount to the child care provider. Dates on the certificate show when it was issued and when it is up for redetermination. Consumer education about the parent's weekly responsibility is also included on the child care certificate. The child care certificate is generated after the family has selected a provider.*

4.2 Assess Market Rates and Analyze the Cost of Child Care

To establish subsidy payment rates that ensure equal access, Lead Agencies must collect and analyze statistically valid and reliable data and have the option to conduct either a (1) market rate survey (MRS) reflecting variations in the price to parents of child care services by geographic area, type of provider, and age of child, or (2) an ACF pre-approved alternative methodology, such as a cost estimation model, which estimates the cost of care by incorporating both data and assumptions to estimate what expected costs would be incurred by child care providers and parents under different scenarios. All Lead Agencies must analyze the cost of providing child care through a narrow cost analysis or pre-approved alternative methodology.

Prior to conducting the MRS or pre-approved alternative, Lead Agencies must consult with the State Advisory Council on Early Childhood Education and Care (designated or established pursuant to the Head Start Act (42 U.S.C. 9837b(b)(1)(A)(i)) or similar coordinating body, local child care program administrators, local child care resource and referral agencies, and other appropriate entities; and organizations representing child care caregivers, teachers, and directors. Prior to conducting the MRS or pre-approved alternative methodology, Lead Agencies must consult with the State Advisory Council on Early Childhood Education and Care (designated or established pursuant to the Head Start Act (42 U.S.C. 9837b(b)(1)(A)(i)) or similar coordinating body, local child care program administrators, local child care resource and referral agencies, and other appropriate entities; and organizations representing child care caregivers, teachers, and directors.

Note: Any Lead Agency considering using an alternative methodology, instead of a market rate survey to set payment rates, is required to submit a description of its proposed approach to OCC for pre-approval in advance of developing and conducting the alternative methodology. Advance approval is not required if the Lead Agency plans to implement both an MRS and an alternative methodology to set rates at a percentile of the market rate, but a Lead Agency conducting a limited market rate survey and using it to inform their cost model would need pre-approval for this approach. In its request for ACF pre-approval a Lead Agency must provide details on the following elements of their proposed alternative methodology:

- Overall approach and rationale for using proposed methodology
- Description of stakeholder engagement
- Data collection timeframe (if applicable)
- Description of the data and assumptions included in the methodology, including how these elements will yield valid and reliable results from the model
- Description of how the methodology will capture the universe of providers, and reflect variations by provider type, age of children, geographic location, and quality

4.2.1 Completion of the market rate survey or ACF pre-approved alternative methodology

Did the Lead Agency conduct a statistically valid and reliable MRS or ACF pre-approved alternative methodology to meet the CCDF requirements to assess child care prices and/or costs and determine payment rates? Check only one based on which methodology was used to determine your payment rates

a. ☒ MRS. When were the data gathered (provide a date range; for instance, September – December 2023)? *5/1/2023 to 7/31/2023*

b. ☐ ACF pre-approved alternative methodology.

i. ☐ The alternative methodology was completed.
ii. ☐ The alternative methodology is in process.

If the alternative methodology was completed:

When were the data gathered and when was the study completed? *Enter Text*

Describe any major differences between the pre-approved methodology and the final methodology used to inform payment rates. Include any major changes to stakeholder engagement, data, assumptions or proposed scenarios. *Enter Text*

If the alternative methodology is in progress:

Provide a status on the alternative methodology and timeline (i.e., dates when the alternative methodology activities will be conducted, any completed steps to date, anticipated date of completion, and expected date new rates will be in effect using the alternative methodology). *Enter Text*

c. Consultation on data collection methodology

Describe when and how the Lead Agency engaged the following partners and how your consultation informed the development and execution of the MRS or alternative methodology, as appropriate.

i. State Advisory Council or similar coordinating body: *For its current MRS, the Lead Agency used regular reporting required by the child care stabilization program to collect current provider prices for child care. The Lead Agency engaged stakeholders, including child care program administrators, resource and referral agencies, and other organizations, through various webinars where detailed instructions and other pertinent information was offered. The webinars, like other webinars offered throughout the COVID-19 pandemic, provided opportunities for providers to submit comments and questions. All comments and questions were compiled and later posted on the Lead Agency's website. In regard to the Georgia Children's Cabinet, the State Advisory Council, the Commissioner of the Lead Agency is the co-chair of the Cabinet and provides the Cabinet with updates at each meeting.*

ii. Local child care program administrators: *For its current MRS, the Lead Agency used regular reporting required by the child care stabilization program to collect current provider prices for child care. The Lead Agency engaged stakeholders, including child care program administrators, resource and referral agencies, and other organizations, through various webinars where detailed instructions and other pertinent information was offered. The webinars, like other webinars offered throughout the COVID-19 pandemic, provided opportunities for providers to submit comments and questions. All comments and questions were compiled and later posted on the Lead Agency's website.*

iii. Local child care resource and referral agencies: *For its current MRS, the Lead Agency used regular reporting required by the child care stabilization program to collect current provider prices for child care. The Lead Agency engaged stakeholders, including child care program administrators, resource and referral agencies, and other organizations, through various webinars where detailed instructions and other pertinent information was offered. The webinars, like other webinars offered throughout the COVID-19 pandemic, provided opportunities for providers to submit comments and questions. All comments and questions were compiled and later posted on the Lead Agency's website.*

iv. Organizations representing child care caregivers, teachers, and directors from all settings and serving all ages: *For its current MRS, the Lead Agency used regular* *reporting required by the child care stabilization program to collect current provider prices for child care. The Lead Agency engaged stakeholders, including child care program administrators, resource and referral agencies, and other organizations, through various webinars where detailed instructions and other pertinent information was offered. The webinars, like other webinars offered throughout the COVID-19 pandemic, provided opportunities for providers to submit comments and questions. All comments and questions were compiled and later posted on the Lead Agency's website.*

v. Other. Describe: *For its current MRS, the Lead Agency used regular reporting required by the child care stabilization program to collect current provider prices for child care. The Lead Agency engaged stakeholders, including child care program administrators, resource and referral agencies, and other organizations, through various webinars where detailed instructions and other pertinent information was offered. The webinars, like other webinars offered throughout the COVID-19 pandemic, provided opportunities for providers to submit comments and questions. All comments and questions were compiled and later posted on the Lead Agency's website.*

d. A market rate survey must be statistically valid and reliable.

An MRS can use administrative data, such as child care resource and referral data, if it is representative of the market. Please provide the following information about the market rate survey.

i. When was the market rate survey completed? *7/31/2023*

ii. What was the time period for collecting the information (e.g., all of the prices in the survey are collected within a three month time period)? *5/1/2023 to 7/31/2023*

iii. Describe how it represented the child care market, including what types of providers were included in the survey: *The Lead Agency used regular reporting required by the child care stabilization program to collect current provider prices for child care. The providers included in the data collection process were licensed child care learning centers and licensed family child care learning homes. Valid responses were collected from 3,435 licensed child care providers. This total represented 78 percent of all licensed child care providers. In Georgia, licensed child care represents the CCDF-eligible, priced market for child care.*

iv. What databases are used in the survey? Are they from multiple sources, including licensing, resource and referral, and the subsidy program? *The Lead Agency used regular reporting required by the child care stabilization program to collect current provider prices for child care. The providers included in the data collection process were licensed child care learning centers and licensed family child care learning homes. The data was collected in a database used specifically for managing the child care licensing process and also allows licensed child care programs to publicize their child care prices to the public if they choose.*

v. How does the survey use good data collection procedures, regardless of the method for collection (mail, telephone, or web-based survey)? *The data collection process consisted of licensed child care providers using a web-based application by logging into their child care license self-service account. After logging in, providers were asked to provide their current child care prices using an established process developed more than eight years ago to collect and advertise provider prices.*

vi. What is the percent of licensed or regulated child care centers responding to the survey? *79 percent*

vii. What is the percent of licensed or regulated family child care homes responding to the survey? *73 percent*

viii. Describe if the survey conducted in any languages other than English? *The web-based application used to collect the data is in English by default but can be translated to multiple languages using Google Translate.*

ix. Describe if data analyzed in a manner to determine price of care per child? *Yes, the data was collected in a manner that allowed the Lead Agency to determine the market price, on a per child basis, statewide and in each market zone, for each type of care and provider type.*

x. Describe if data analyzed from a sample of providers and if so, was the sample weighted? ? *The data analyzed was a collected sample that represented 78 percent of the statewide child care market eligible to receive CCDF. No weighting was applied to this sample.*

e. Price Variations reflected

The market rate survey data or ACF pre-approved alternative methodology data must reflect variations in child care prices or cost of child care services in specific categories.

i. Describe how the market rate survey or pre-approved alternative methodology reflected variation in geographic area (e.g., county, region, urban, rural). Include information on whether parts of the state or territory were not represented by respondents and include information on how prices could be linked to local geographic areas. *Results of the market rate survey were analyzed at the state and county levels. Based on county-level data and reported rates, counties were assigned to one of three market rate zones. Zone One encompasses the highest tier of rates and generally coincides with the counties in the Atlanta metro area; Zone Two encompasses the middle tier of rates and generally coincides with the state's counties encompassing mid-sized metro areas; Zone Three encompasses the lowest tier of rates and consists of the remainder of the state's counties.*

ii. Describe how the market rate survey or pre-approved alternative methodology reflected variation in type of provider (e.g., licensed providers, license-exempt providers, center-based providers, family child care home providers, home based providers). *Results of the market rate survey were analyzed and reported by child care learning centers and family child care learning homes, the two types of providers that make up the priced market for CCDF.*

iii. Describe how the market rate survey or pre-approved alternative methodology reflected age of child (e.g., infant, toddler, preschool, school-age). *Results of the market rate survey were analyzed and reported by the following age groups: under 1 year, 1 year olds, 2 year olds, 3 year olds, 4 year olds, 5 year olds, and school-age. In addition, results were reported by age groups that align with subsidy payment rates: infant (birth - 12 months), toddler (1 - 2 years), preschool (3 - 5 years), school-age (5 years and older).*

iv. Describe any other key variations examined by the market rate survey or ACF pre-approved alternative methodology, such as quality level: *Results were broken out by different Quality Rated (QRIS) levels and by providers' participation in CCDF subsidy.*

4.2.2 Cost analysis

If a Lead Agency does not complete a cost-based pre-approved alternative methodology, they must analyze the cost of providing child care services through a narrow cost analysis. A narrow cost analysis is a study of what it costs providers to deliver child care at two or more levels of quality: (1) a base level of quality that meets health, safety, staffing, and quality requirements, and (2) one or more higher levels of quality as defined by the Lead Agency. The narrow cost analysis must estimate costs by levels of quality; include relevant variation by provider type, child's age, or location; and analyze the gaps between estimated costs and payment rates to inform payment rate setting. Lead agencies are not required to complete a separate narrow cost analysis if their pre-approved alternative methodology addresses all of the components required in the narrow cost analysis

Describe how the Lead Agency analyzed the cost of child care through a narrow cost analysis or pre-approved alternative methodology for the FFY 2025–2027 CCDF Plan, including:

a. How did the Lead Agency conduct a narrow cost analysis (e.g., a cost model, a cost study, existing data or data from the Provider Cost of Quality Calculator)? *Instead of a narrow cost analysis, the Lead Agency conducted a "total cost study" in three parts: development of a cost model, review of internally available provider-level data, and extensive survey efforts administered externally to a large number of child care providers. The second and third parts informed assumptions in the model in a statistically valid and representative manner. The goal of the total cost study was to understand what expenses providers actually paid considering the constraints under which they operate rather than develop estimates based on aspirational case studies. Cost model development was initiated by the Lead Agency in 2019 and involved significant modifications to the Cost of Provider Quality & Revenue (CPQ&R) tool from the National Institute of Early Education Research (NIEER). The developer of the CPQ&R assisted the Lead Agency in these modifications after being introduced to the Lead Agency by NIEER representatives. That CPQ&R is a system-level model for estimating preschool costs at the provider, district, and state level, and allows a population of children to be modeled based on a mix of part-day, full-day, and extended-day slots (e.g., 3-, 6-, and 11-hour care). It was modified for the Lead Agency to accommodate any age-group participating in subsidized child care as well as programs of varying duration that may operate simultaneously within a single child care facility. To that end, several new concepts were introduced in the model calculations: the ability to vary operating assumptions by time of day; the impact of shared or unused* *classrooms on calculated costs per child; and the acceleration or deceleration of depreciation expense based on asset utilization rates. Cost calculations at the district and state level in the CPQ&R were removed so that the Lead Agency's model focused solely on costs at the provider level, and a user interface was created allowing the Lead Agency to navigate between model parameters and assumptions more easily. The two provider types included in subsidy reimbursement rate tables in Georgia are licensed child care learning centers (CCLCs) and licensed family child care learning homes (FCCLHs). Additional dimensions in the rate tables include three geographic regions (Market Rate Zones 1, 2, and 3), three quality rating levels (Quality Rated One Star, Two Star, and Three Star), and two types of care (Full-Day and Before-/-After-School). In addition, the Lead Agency wanted a cost model that could dynamically vary assumptions by facility size (for CCLCs), by providers' level of participation in child care subsidy (a socioeconomic indicator), and by season. The Lead Agency observed that the distribution of children by age group that it serves varies between the summer and the school year. Initially, the Lead Agency used its state licensing standards and indicators from its Quality Rated program, data from the Bureau of Labor Statistics (BLS), and other publicly available secondary data sources to inform its first round of cost model estimates in 2020. However, it had concerns with using this information to establish new subsidy rates. Among its concerns: Licensing standards identify only the minimum requirements for metrics of potential interest to cost modeling. Quality Rated indicators are not mandates, and providers do not have to meet the scoring thresholds on any structural quality indicator (e.g., group size) to achieve a higher rating. Furthermore, a previous Quality Rated Validation Study conducted by the Lead Agency found that the scores earned by providers on structural quality indicators—those most strongly associated with child care costs—were not strongly correlated with their final quality rating. A previous Economic Impact Study conducted on behalf of the Lead Agency included data (collected by survey) that questioned the validity in applying published BLS statistics to Georgia's private child care providers and their workers. BLS data is neither collected or reported in a manner that would inform wages exclusive to private child care centers and account for variations by region (below the state level); nor is it available in any form for family home providers and their workers. These concerns led the Lead Agency to engage in a strategic planning process for its cost modeling efforts in early 2022. The strategic plan identified two internal data sources that could be used to improve the quality of cost model assumptions. The first was the Lead Agency's most recent (at the time) market rate survey in 2021, for which it received responses from more than 2,800 providers including information pertaining to their operating structure (hours of operation, number of classrooms by age group, single or multiple sites under management). The second, and more compelling internal data source was the Lead Agency's Quality Rated information system, which recorded structural quality indicator measurements for each rating issued, including but not limited to, observed group size and child-adult ratios, staff education credentials, and annual training hours. All providers participating in child care subsidy program are required to participate in Quality Rated, and a total of 2,712 providers (representing 11,863 classrooms) were included in the data set analyzed by the Lead Agency. With guidance from its strategic plan, in late 2022 (and through the summer of 2023), the Lead Agency engaged in a series of surveys with providers to address key assumptions in the cost model not addressed by the market rate survey or Quality Rated data. The Lead Agency was able to leverage its American Rescue Plan Act (ARPA) stabilization subgrant program, STABLE 4ward, in this regard by requiring participating* *providers to submit quarterly reports, including responses to survey questions about their unit costs and primary cost drivers. Furthermore, because the reports were collected quarterly, the Lead Agency was able to vary the information it requested from providers in each period. 3,677 providers participated in STABLE 4ward, representing more than 34,000 active child care workers in Georgia. The Lead Agency was able to collect hourly wage and education credentials for these workers; identify staffing levels for non-teaching staff as a function of facility size; gather information on employee benefits, occupancy costs, and the cost to provide child meals; and obtain information specifically from FCCLH providers to establish their effective hourly wage in a manner commensurate with the wage treatment of hourly staff employed at CCLCs. This information addresses unit costs for most of the expenses incurred by providers.*

b. In the Lead Agency's analysis, were there any relevant variations by geographic location, category of provider, or age of child? *In the subsequent analysis of the internal and external data collected, provider measurements were grouped according to child age (classroom), geography (Market Rate Zone), provider type (CCLC versus FCCLH), and quality rating—as well as by facility size, type of care, and whether the provider served children on subsidies. The distribution of measurement values for each group was examined, and selected statistics were compared between relevant groups. If the difference in observed mean values between groups was found to be statistically significant, then this increased the Lead Agency's confidence in assuming variations in the cost model. Provider type, geography, and child age were all relevant in the variations observed in the data by the Lead Agency. The Lead Agency observed several interesting variations in its analysis: higher wages among CCLC staff possessing higher education credentials but not among FCCLH providers possessing higher education credentials; higher wages among FCCLH providers rated at higher quality levels but not among CCLC staff (controlling for education credentials); higher wages among CCLC and FCCLH staff at providers who did not care for children on subsidies and for providers in more urban areas; increasing class size for older age groups at CCLCs (consistent with licensing) but smaller class sizes than state licensing guidelines would suggest (i.e., well below the maximum group sizes allowable); higher annual training hours for staff at providers with higher quality ratings and higher at all quality levels than Quality Rated guidelines suggest; higher mortgage/lease costs per square foot in more urban areas but not higher utilities, insurance, and maintenance/repair costs per square foot. The Lead Agency also observed many interesting lack of variations in its analysis: Calculated effective hourly wages for FCCLH providers were not universally lower than hourly wages paid to CCLC lead teachers. Non-teaching staff counts at CCLCs did not, in general, change as a function of facility size or quality rating. Class sizes at FCCLHs were, in general, close to the state licensing guidelines (i.e., their maximum allowable group size). Class size reductions by quality level were smaller than expected for both CCLCs and FCCLHs. Staff education credentials by quality rating varied less than expected. Very few providers were observed to provide additional benefits to their employees, regardless of their quality rating or participation in child care subsidies. Mortgage/lease, utilities, building insurance, and maintenance/repair costs per square foot, in general, did not change as a function of facility size. Usable classroom square footage per child decreased with increasing child age less than expected and did not change as function of quality rating. Facility shared space factors (allowances for hallways, bathrooms, offices, etc.) did not change as a function of facility size. Providers did not spend more on child meals than current CACFP* *rates, regardless of their quality rating, participation in child care subsidies, and geographic location.*

c. What assumptions and data did the Lead Agency use to determine the cost of care at the base level of quality (e.g., ratios, group size, staff compensations, staff training, etc.)? *The Lead Agency defines the base level of quality as 1 star under its Quality Rated program. Provider level data was filtered only for providers rated 1 star; this data was further filtered by provider type, geography (as defined by Market Rate Zone), and child age (for classroom-level data). The Lead Agency included 725 providers rated one star in the analysis described in Section 4.2.5.a. The distribution of measurement values for each filtered data set was examined, and statistics supporting variations between data sets were identified by the Lead Agency to inform cost model assumptions. Major assumptions in the cost model include the following: group size, hours of care, number of children per classroom adult, maximum number of lead teachers per class, maximum number of assistant teachers per class, number of target age classrooms per facility, number of total classrooms per facility, percent of lead teachers by education credential (at the facility), percentage of assistant teachers by education credential (at the facility), center director or family home provider education credential, number of annual professional development training hours for center directors (or family home providers), number of annual professional development training hours for lead teachers, number of annual professional development training hours for assistant teachers, hourly wage by credential level for center directors, hourly wage by credential level for lead teachers, hourly wage by credential level for assistant teachers, effective hourly wage for family home providers, non-teaching staff hourly wages, non-teaching staffing levels, mandatory benefits rate, additional benefits rate, cost per child meal or snack, number of meals and snacks offered per day, percentage of children served meals and snacks, transportation cost per child-trip, number of child-trips offered per day, percentage of children served by transportation, education supplies cost per child, office supplies and miscellaneous operations expense per child, lease/mortgage cost per square foot, utilities cost per square foot, insurance cost per square foot, and maintenance cost per square foot, square footage allocated per child, site-level cost per child for telephone/internet, site-level cost per child for professional services, instructional assessment cost per child, percentage of children assessed, annualized replacement cost per child for durable education equipment, and annualized replacement cost per child for other durable equipment. Among One-Star providers, virtually all the assumptions listed above were varied by provider type (CCLCs versus FCCLHs). Assumptions for hourly wages, facilities, and site-level costs were also varied by geography (MRZ). Assumptions for group size, number of children per classroom adult, percentage of children served by transportation, square footage allocated per child, percentage of children assessed, and annual replacement cost for durable education equipment were varied by child age.*

d. How does the Lead Agency define higher quality and what assumptions and data did the Lead Agency use to determine cost at higher levels of quality (e.g., ratio, group size, staffing levels, staff compensation, professional development requirements)? A Lead Agency can use a quality improvement system or other system of quality indicators (e.g., accreditation, pre-Kindergarten standards, Head Start Program Performance Standards, or State-defined quality measures). *The Lead Agency defines higher levels of quality according to Quality Rated 2-star and 3-star ratings it issues to providers. A key question the Lead Agency sought to answer in its total cost study was the degree to which child* *care costs differed between higher Quality Rated and lower Quality Rated providers. As mentioned, Quality Rated does not include mandates that require higher costs to achieve a higher quality rating. By analyzing the data as described in Section 4.2.5.a. from 1,380 2-star providers and 491 3-star providers, the Lead Agency was able to observe variations compared to 1-star providers than could inform cost model assumptions regarding the true cost of quality. The Lead Agency observed variations by quality level in the following provider measurements: group size, percentage of lead teachers by education credential (at the facility), percentage of assistant teachers by education credential (at the facility), number of annual professional development training hours for center directors (or family home providers), number of annual professional development training hours for lead teachers, number of annual professional development training hours for assistant teachers, square footage allocated per child (CCLCs only), site level facility costs per child, annualized replacement cost per child for durable education equipment, and annualized replacement cost per child for other durable equipment (CCLCs only). Coupled with variations reported in Section 4.2.5.b., the Lead Agency was able to develop a robust set of assumptions to inform its cost model for its total cost study.*

e. What is the gap between cost and price, and how did the Lead Agency consider this while setting payment rates? Did the Lead Agency target any rate increases where gaps were the largest or develop any long-term plans to increase rates based on this information? *For the Lead Agency, 30 distinct rates exist for the child care subsidy program. When evaluating each rate individually and at an individual provider level, the gap between the price at the 60th percentile and the estimated cost varies greatly and identifies how price and cost do not align consistently. Eight subsidy rates meet or exceed the estimated cost of care. Typically, 69 percent of children are served at these rates during the school year, and 62 percent are served at these rates during school breaks. The average value of the amount over the cost per child, per week is $20.29 during school and $24.42 during school breaks. These rates include: center-based, before and after school care in market zones 1, 2, and 3; center-based, full-time care in market zone 1 for toddlers (1-2), and preschool (3-5), and school-age children; family home-based, full-time care in market zone 1 for infants; and center-based, full-time care in market zone 2 for school-age children. Seven subsidy rates have a low price-to-cost gap of less than 10 percent. The average value of the gap per child, per week is $7.65 during school and $7.85 during school breaks. Typically, 7.9 percent of all children are served at these rates during the school year, and 10.5 percent are served at these rates during school breaks. These rates include: family home-based, before and after school care in market zones 1 and 2; family home-based, full-time care in market zone 1 for toddlers (1-2) and preschool (3-5); family home-based, full-time care in market zone 2 for infants and toddlers (1-2); and center-based, full-time care in market zone 2 for preschool (3-5). Thirteen subsidy rates have a moderate price-to-cost gap of 11 percent to 33 percent. The range of the gap per child, per week is from $7 to $64, depending on the rate, and the average value of the gap per child, per week is $46.70 during school and $42.34 during school breaks. Typically, 18.8 percent of all children are served at these rates during the school year, and 23 percent are served at these rates during school breaks. These rates include: family home-based, before and after school care in market zone 3; center-based, full-time care in market zone 1 for infants; family home-based, full-time care in market zone 1 for school-age children; center-based, full-time care in market zone 2 for toddlers (1-2); family home-based, full-time care in market zone 2 for preschool (3-5) and school-age children; center-based, full-time care in market zone 3 for toddlers (1-2), preschool (3-5), and school-age children; and* *family home-based, full-time care in market zone 3 for infants, toddlers (1-2), preschool (3-5), and school-age children. Two subsidy rates have a high price-to-cost gap of 40 percent to 48 percent. The average value of the gap per child, per week is $112 during school and school breaks. Typically, 4 percent of all children are served at these rates each week. These rates include: center-based, full-time care in market zone 2 for infants and center-based, full-time care in market zone 3 for infants. Provider level analysis was completed and based on the total of typical weekly payments for care when paying at the 60th percentile of the market rate zone compared to the baseline level of total cost for a 1-star provider in that same market rate zone. Child care centers in market zone 1 benefit the greatest, and child care centers and family child care learning homes in market zone 3 benefit the least from the proposed rates. For child care centers in market zone 1, which is 43 percent of all subsidy providers, the Lead Agency estimates that 98 percent of providers during school and 97 percent during school breaks would receive total funding more than total cost. The programs in the 2 percent and 3 percent of programs that do not receive total funding are not overly reliant on child care subsidies for total revenue. These programs typically serve an average between 16 percent and 21 percent of their capacity on children in the subsidy program, and the total price to cost gap averages between $54 and $71 per week or less than 5 percent below cost. For family child care home providers in market zone 1, the Lead Agency estimates that during school weeks, total payments will meet or exceed cost for 53 percent of providers. For the remaining 47 percent, total payments would average less than 5 percent below cost. During summer weeks, the results shift, and for 83 percent, total payments would average 7 percent below cost. For child care centers in market zone 2, the Lead Agency estimates that 85 percent of providers during school and 92 percent during school breaks would receive on average total funding of 13 percent less than total cost. For family child care home providers in market zone 2, the Lead Agency estimates that during school weeks, total payments will meet or exceed cost for 33 percent of providers. For the remaining 67 percent, total payments would average less than 8 percent below cost. During summer weeks, the results shift, and for 92 percent, total payments would average 10 percent below cost. For child care centers in market zone 3, the Lead Agency estimates that 97 percent of providers during school and 99 percent during school breaks would receive on average total funding of 24 percent less than total cost. For family child care home providers in market zone 3, the Lead Agency estimates that during school weeks, total payments will meet or exceed cost for 19 percent of providers. For the remaining 81 percent, total payments would average less than 20 percent below cost. During summer weeks, the results shift, and for 98 percent, total payments would average 23 percent below cost. In general, when considering the relationship between price and cost, two key trends exist. One, for both price and cost, geography factors in significantly. However, when going from market zone 1 to 3, the cost does not decline to the degree that price does. This leads to greater price to cost gaps in market zones 2 and 3 as mentioned in the analysis above. Second, in addition to the first key, family child care tends to underprice their services relative to cost when compared to child care centers, specifically for children in preschool and school-age children in full-time care. For full-time care in family child care homes, the cost per child does not vary much from age group to age group, but family child care home providers tend to lower their prices as children age, similarly to child care centers. These key trends underscore how using only price evaluation when setting child care subsidy rates can lead to disproportionate impact in relation to the estimated cost of care. These disproportionate impacts create price to cost gaps that* *cannot be overcome by selecting a higher percentile of the market for child care subsidy rates. When updating child care subsidy rates, the Lead Agency did not ultimately focus on price to cost gaps. However, the Lead Agency gave significant consideration to the existing gaps and intends to increase stakeholder engagement to communicate more broadly the findings of the total cost study and the Lead Agency's cost model.*

4.2.3 Publicly available report on the cost and price of child care

The Lead Agency must prepare a detailed report containing the results of the MRS or ACF pre-approved alternative methodology and include the Narrow Cost Analysis if an ACF pre-approved alternative methodology was not conducted.

The Lead Agency must make this report with these results widely available no later than 30 days after completion of the report, including posting the results on the Lead Agency website. The Lead Agency must describe in the detailed report how the Lead Agency took into consideration the views and comments of the public or stakeholders prior to conducting the MRS or ACF pre-approved alternative methodology.

Describe how the Lead Agency made the results of the market rate survey or ACF pre-approved alternative methodology report widely available to the public by responding to the questions below.

i. Provide the date the report was completed: *May 20, 2024*

ii. Provide the date the report containing results was made widely available (no later than 30 days after the completion of the report): *May 31, 2024*

iii. Provide a link to the website where the report is posted and describe any other strategies the Lead Agency uses to make the detailed report widely available: *https://www.decal.ga.gov/BFTS/Research.aspx*

iv. Describe how the Lead Agency considered partner views and comments in the detailed report. Responses should include which partners were engaged and how partner input influenced the market rate survey or alternative methodology: *For its current MRS, the Lead Agency used regular reporting required by the child care stabilization program to collect current provider prices for child care. The Lead Agency engaged stakeholders, including child care program administrators, resource and referral agencies, and other organizations, through various webinars where detailed instructions and other pertinent information was offered.*

4.3 Adequate Payment Rates

The Lead Agency must set CCDF subsidy payment rates in accordance with the results of the current MRS or ACF pre-approved alternative methodology, and at a level to ensure equal access for eligible families to child care services comparable with those provided to families not receiving CCDF assistance. Lead Agencies are also required to provide a summary of data and facts to demonstrate how payment rates ensure equal access, which means the Lead Agency must also consider the costs of base level care and higher quality care as part of its rate setting. Finally, the Lead Agency must re-evaluate its payment rates at least every 3 years.

The ages and types of care listed in the base payment rate tables are meant to provide a snapshot of the categories of rates and are not intended to be comprehensive of all categories that might exist or to reflect the terms used by the Lead Agency for particular ages. If rates are not statewide, please provide all variations of payment rates when reporting base payment rates below.

Base rates are the lowest, foundational rates before any differentials are added (e.g., for higher quality or other purposes) and must be sufficient to ensure that minimum health, safety, quality, and staffing requirements are covered. These are the rates that will be used to determine compliance with equal access requirements.

4.3.1 Payment Rates

a. Are the payment rates that the Lead Agency is reporting in 4.3.2 set statewide by the Lead Agency?

☒ Yes. If yes, check if the Lead Agency:

i) If yes, check if the Lead Agency:

☐ Sets the same payment rates for the entire State or Territory

☒ Sets different payment rates for different Regions in the State or Territory

☐ No.

ii) If no, identify how many jurisdictions set their own payment rates: *Enter Text*

b. Provide the date the current payment rates became effective (i.e., date of last payment rate update based on most recent MRS or ACF pre-approved alternative methodology as reported in 4.2.1). *The proposed rates will be effective September 29, 2024.*

c. If the Lead Agency does not publish weekly rates, then how were the rates reported in 4.3.2 or 4.3.3 calculated (e.g., were daily rates multiplied by 5 or monthly rates divided by 4.3)? *The proposed rates are weekly rates.*

Provide the citation, or link, if available, to the payment rates. *https://caps.decal.ga.gov/assets/downloads/CAPS/AppendixC-CAPS%20Reimbursement%20Rates.pdf*

4.3.2 Base payment rates

a. Provide the base payment rates in the tables below. If the Lead Agency completed a market rate survey (MRS), provide the percentiles based on the most recent MRS for the identified categories. If the Lead Agency sets different payment rates for different regions in the State or Territory (and checked 4.3.1aii), provide the rates for the most populous region as well as the region with payment rates set at the lowest percentile. Percentiles are not required if the Lead Agency also conducted an ACF pre-approved alternative methodology but must be reported if the Lead Agency conducted an MRS only.

The preamble to the 2016 final rule states that a benchmark for adequate payment rates is the 75th percentile of the most recent MRS. The 75th percentile benchmark applies to the base rates. The 75th percentile is the number separating the lowest 75 percent of rates from the highest 25 percent. Setting rates at the 75th percentile, while not a requirement, would ensure that eligible families can afford three out of four child care providers. In addition to reporting the 75th percentile in the tables below, the Lead Agency must also report the 50th percentile and 60th percentile for each identified category.

If the Lead Agency conducted an ACF pre-approved alternative methodology, provide the estimated cost of care for the identified categories, as well as the percentage of the cost of care covered by the established payment rate. If the Lead Agency sets different payment rates for different regions in the State or Territory (and checked 4.3.1aii), provide the estimated cost of care and the percentage of the cost of care covered by the established payment rate for the most populous region as well as the region with rates established at the lowest percent of the cost of care.

For each identified category below, provide the percentage of providers who are receiving the base rate without any add-ons or differential payments.

Provide the full-time weekly base payment rates in the table below. If weekly payment rates are not published, then the Lead Agency will need to calculate its equivalent.

Care Type	Base payment rate (specify unit, e.g., per day, per week, per month)	% of providers receiving Base rate	Full-Time Weekly Base Payment Rate	What is the percentile of the rate? (MRS)	What is the 50th percentile of the rate? (MRS)	What is the 60th percentile of the rate? (MRS)	What is the 75th percentile of the rate? (MRS)	What is the estimated cost of care? (Alternative Methodology)	What percent of the estimated cost of care is the rate?
Center Care for Infants (6 months)	*$260 per Week*	*100%*	*$260*	*60th*	*$240*	*$260*	*$315*	*$324*	*80.2%*
Family Child Care for Infants (6 months)	*$199 per Week*	*100%*	*$199*	*60th*	*$180*	*$199*	*$224*	*$190*	*104.7%*
Center Care for Toddlers (18 months)	*$248 per Week*	*100%*	*$248*	*60th*	*$225*	*$248*	*$299*	*$251*	*98.8%*
Family Child Care for Toddlers (18 months)	*$188 per Week*	*100%*	*$188*	*60th*	*$175*	*$188*	*$206*	*$192*	*97.9%*
Center Care for Preschoolers (4 years)	*$221 per Week*	*100%*	*$221*	*60th*	*$200*	*$221*	*$275*	*$181*	*122.1%*
Family Child Care for Preschoolers (4 years)	*$180 per Week*	*100%*	*$180*	*60th*	*$170*	*$180*	*$200*	*$198*	*90.1%*

Center Care for School-Age (6	*$185 per Week*	*100%*	*$185*	*60th*	*$170*	*$185*	*$225*	*$154*	*120.1%*
Family Child Care for School - Age (6	*$156 per Week*	*100%*	*$156*	*60th*	*$150*	*$156*	*$185*	*$191*	*81.7%*

b. Does the Lead Agency certify that the percentiles reported in the table above are calculated based on their most recent MRS or ACF pre-approved Alternative Methodology?

☒ Yes.

☐ No. If no, what is the year of the MRS or ACF pre-approved alternative methodology that the Lead Agency used? What was the reason for not using the most recent MRS or ACF pre-approved alternative methodology? Describe: *Enter Text*

4.3.3 Tiered rates, differential rates, and add-ons

Lead Agencies may establish tiered rates, differential rates, or add-ons on top of their base rates as a way to increase payment rates for targeted needs (e.g., a higher rate for serving children with special needs).

a. Does the Lead Agency provide any rate add-ons above the base rate?

☒ Yes. If yes, please describe the add-ons, including what they are, who is eligible to receive the add-ons, and how often are they paid: *Effective September 29, 2024, the Lead Agency will begin implementing a new process that will result in payment rate add-ons for high-quality child care providers, Quality Rated 2-star or 3-star, providing care in the child care subsidy program. Rate add-ons will be based on a percentage of net base payment, base payment less the family fee, made to a provider. Quality Rated 2-star providers will receive a 5 percent add-on bonus, and Quality Rated 3-star providers will receive a 10 percent add-on bonus.*

☐ No.

b. Has the Lead Agency chosen to implement tiered reimbursement or differential rates?

☒ Yes.

☐ No. Tiered or differential rates are not implemented.

If yes, identify below any tiered or differential rates, and, at a minimum, indicate the process and basis used for determining the tiered rates, including if the rates were based on the MRS or an ACF pre-approved alternative methodology. Check and describe all that apply:

i. ☐ Differential rate for non-traditional hours. Describe: *Enter Text*

ii. ☒ Differential rate for children with special needs, as defined by Lead Agency. Describe: *The Lead Agency will pay a child care provider's full public price for care provided to children with special needs. In addition, upon review and approval, the Lead Agency may pay an amount greater than a provider's full public rate determined by the specific needs of the care situation. Historically, 6 percent of all children receiving care in the subsidy program are impacted by this payment rate policy.*

iii. ☒ Differential rate for infants and toddlers. Note: Do not check if the Lead Agency has a different base rate for infants/toddlers with no separate bonus or add-on. Describe: *Enter Text*

iv. ☐ Differential rate for school-age programs. Note: Do not check if the Lead Agency has a different base rate for school-age children with no separate bonus or add-on. Describe: *Enter Text*

v. ☐ Differential rate for higher quality, as defined by the State/Territory. Describe: *Enter Text*

vi. ☒ Other differential rates or tiered rates. For example, differential rates for geographic area, or for type of provider. Describe: *The Lead Agency will pay a child care provider's full public price for care provided to children in foster care. Historically, 11 percent of all children receiving care in the subsidy program are impacted by this payment rate policy.*

vii. If applicable, describe any additional add-on rates that you have besides those identified above. *Enter Text*

c. Does the Lead Agency reduce provider payments if the price the provider charges to private-pay families not participating in CCDF is below the Lead Agency's established payment rate?

☒ Yes. If yes, describe: *If a provider's public price is below their subsidy payment, the Lead Agency will authorize a payment rate equal to the provider's public price.*

☐ No.

4.3.4 Establishing payment rates

Describe how the Lead Agency established payment rates:

a. What was the Lead Agency's methodology or process for setting the rates or how did the Lead Agency use their data to set rates? *The process for setting rates involved balancing multiple factors to achieve the highest possible rate structure while recognizing the applicable limitations. The factors considered include: the long-standing intent to provide care to at least 50,000 children each week, new market rates collected in 2023, cost per child amounts developed through the total cost study, an estimate of funding available, knowledge that add-ons for quality are not creditable toward the evaluation of rate levels, cost impact to families, and minimum rate levels required by OCC interpretation of applicable law. The primary limitation when setting rates was the estimated amount of funding available to apply to child care rates while not sacrificing the integrity of other requirements of CCDF. The first step in the process of setting rates involved compiling child care subsidy data to create a model population of children and providers. With the model data, the Lead Agency developed a rate-setting tool that allowed agency leaders to evaluate the impact and total estimated cost of various scenarios for base rate levels and quality add-ons. For each scenario, the* *tool would also analyze how each scenario would impact providers. While the Lead Agency did evaluate scenarios that incorporated cost-based rates for all rates as well as a cost/price hybrid approach, the Lead Agency did not adopt this approach due to the need for additional stakeholder engagement since it would represent a significant departure from prior rate setting using the MRS. Ultimately, the Lead Agency decided to set rates based on the MRS at the highest sustainable level. Doing so would provide the greatest impact to families by minimizing their potential cost burden to the greatest extent possible.*

b. How did the Lead Agency determine that the rates are adequate to meet health, safety, quality, and staffing requirements under CCDF? *When considering the degree to which base subsidy rates are adequate to meet health, safety, quality, and staffing requirements under CCDF, historical precedence and the scale of each provider's participation must be considered. Historically, despite low base rates, there is no evidence to suggest that receiving low subsidy payments undermined a provider's ability to meet CCDF requirements for health, safety, and staffing. At an individual provider level, there are no quality requirements under CCDF. However, quality-based payment add-ons have been used to offset the potential costs of higher quality. In addition, whether payment rates are adequate to support the requirements of CCDF heavily depends on the scale of each provider's participation. For providers that only care for a small number of children with subsidy relative to the total number cared for, payment rates will have no true impact on whether that provider can meet CCDF requirements. On the other hand, for programs where most of the children cared for are in the subsidy program, payment rates will have a greater impact on the program's ability to meet CCDF requirements because their financial viability is intrinsically linked to their total subsidy funding. When determining if payment rates are adequate to meet CCDF requirements, the Lead Agency is increasing base rates to the 60th percentile of the current MRS, a level that meets or exceeds the base level quality for many rates. This determination was supported by evaluating the cost of the base level of quality in a total cost study in comparison to the proposed rates. The Lead Agency must focus on how these rates will impact the providers who participate to a higher degree of scale. Careful analysis shows that providers who care for many children with subsidy, across a variety of ages, will see increased total payments compared to historical rates, and for most, total payments will exceed their total cost of care for those children. Also, history and experience demonstrate that payment rates have not compromised CCDF requirements in the past, and thus higher payment rates relative to the past, as proposed, would not logically change this precedent.*

c. How did the Lead Agency use the cost of care, either from the narrow cost analysis or the ACF pre-approved alternative methodology to inform rate setting, including how using the cost of care promotes the stabilization of child care providers? *The Lead Agency used the cost of care at the base level of quality to inform rate setting. Doing so provided valuable perspective for interpreting the impact of rates. The Lead Agency intends to continue to monitor the cost of care and engage with stakeholders on the value that understanding the cost of care can bring to setting subsidy rates and consideration of other policies impacting the ECE system in Georgia.*

d. How did the Lead Agency account for the cost of higher quality while setting payment rates? *When setting base rates, the Lead Agency considered only the base level of quality but not high quality since the Office of Child Care makes compliance determinations only at the lowest rate available. High quality, which makes up most subsidy providers, was considered when determining add-on payments for Quality Rated 2- and 3-star programs.*

e. Identify and describe any additional facts (not covered in responses to 4.3.1 – 4.3.3) that the Lead Agency considered in determining its payment rates to ensure equal access. *Not applicable.*

4.4 Payment Practices to Providers

Lead Agencies must use subsidy payment practices that reflect practices that are generally accepted in the private pay child care market. The Lead Agency must ensure timeliness of payment to child care providers by paying in advance or at the beginning of delivery of child care services. Lead Agencies must also support the fixed cost of child care services based on paying by the child's authorized enrollment, or if impracticable, an alternative approach that will not undermine the stability of child care programs as justified and approved through this Plan.

Lead Agencies must also (1) pay providers based on established part-time or full-time rates rather than paying for hours of service or smaller increments of time, and (2) pay for reasonable, mandatory registration fees that the provider charges to private-paying parents. These policies apply to all provider types unless the Lead Agency can demonstrate that in limited circumstances the policies would not be considered generally-accepted payment practices.

In addition, Lead Agencies must ensure that child care providers receive payment for any services in accordance with a payment agreement or an authorization for services, ensure that child care providers receive prompt notice of changes to a family's eligibility status that could impact payment, and have timely appeal and resolution processes for any payment inaccuracies and disputes.

4.4.1 Prospective and enrollment-based payment practices

Lead Agencies must use payment practices for all CCDF child care providers that reflect generally-accepted payment practices of providers serving private-pay families, including paying providers in advance or at the beginning of the delivery of child care services and paying based on a child's authorized enrollment or an alternative approach for which the Lead Agency must demonstrate paying for a child's authorized enrollment is not practicable and it will not undermine the stability of child care programs. Lead Agencies may only use alternate approaches for subsets of provider types if they can demonstrate that prospective payments and authorized enrollment-based payment are not generally-accepted for a type of child care setting. Describe the Lead Agency payment practices for all CCDF child care providers:

a. Does the Lead Agency pay all provider types prospectively (i.e., in advance of or at the beginning of the delivery of child care services)?

☐ Yes. If yes, describe: *Enter Text*

☒ No, it is not a generally-accepted payment practice for each provider type. If no, describe the provider type not paid prospectively and the data demonstrating it is not a generally-accepted payment practice for that provider type, and describe the Lead Agency's payment practice that ensures timely payment for that provider type. *Payments are made to providers every week to ensure business continuity. To provide more time and flexibility to providers, the Lead Agency's system allows providers to begin entering attendance for children on Friday evening of each service week, since most providers are open only during the work week. Providers have until the Tuesday after the service week ends to submit their payment request to receive the payment in the soonest possible timeframe. Currently, 65 percent of all payments are requested in the first payment following a service week. Many providers enter their payment requests monthly instead of weekly. Typically, it takes nine weeks for all provider payment requests to be submitted for each service week. To allow time for quality assurance and program integrity measures to be conducted on every payment cycle, payments are made to the provider 10-12 days after payment requests are submitted.*

b. Does the Lead Agency pay based on authorized enrollment for all provider types?

☐ Yes. The Lead Agency pays all providers by authorized enrollment and payment is not altered based on a child's attendance or the number of absences a child has.

☐ No, it is not a generally-accepted practice for each provider type. If no, describe the provider types not paid by authorized enrollment, including the data showing it is not a generally-accepted payment practice for that provider type, and describe how the payment policy accounts for fixed costs: *Enter Text*

☒ No, it is impracticable. Describe provider type(s) for which it is impracticable, why it is impracticable, and the alternative approach the Lead Agency uses to delink provider payments from occasional absences, including evidence that the alternative approach will not undermine the stability of child care programs, and thereby accounts for fixed costs: *The Lead Agency does not currently pay any provider types based on authorized enrollment. The primary reason for this is that, in program policy, there is no such process as authorized enrollment. Present policy allows families to apply and enroll, if eligible, in the child care subsidy program. Eligible families are then able to select the provider for care to create a child care scholarship that allows the provider to bill for care. Whether or not a family enrolls with that provider is not known to the Lead Agency but can only be assumed to have happened if the provider requests a payment for care. Currently, the Lead Agency requires attendance to occur for a payment request to be submitted. To delink provider payments to the extent possible, the Lead Agency does not prorate weekly payments based on attendance. This means that only a single day of attendance in a week is required to receive the full weekly payment. Also, a provider can claim up to two full weekly payments a year even if there is no attendance. To pay based on authorized enrollment, the Lead Agency must* *create an authorized enrollment process that involves action by the family and provider to know when enrollment has taken place.*

4.4.2 Other payment practices

Lead Agencies must (1) pay providers based on established part-time or full-time rates rather than paying for hours of service or smaller increments of time, and (2) pay for reasonable, mandatory registration fees that the provider charges to private-paying parents, unless the Lead Agency provides evidence that such practices are not generally-accepted for providers caring for children not participating in CCDF in its State or Territory.

a. Does the Lead Agency pay all providers on a part-time or full-time basis (rather than paying for hours of service or smaller increments of time)?

☒ Yes.

☐ No. If no, describe the policies or procedures that are different than paying on a part-time or full-time basis: *Enter Text*

b. Does the Lead Agency pay for reasonable mandatory registration fees that the provider charges to private-paying parents?

☒ Yes. If yes, identify the fees the Lead Agency pays for. The Lead Agency allows each provider to claim and be paid a registration fee up to $65 once a year for each child with a CAPS scholarship issued to the provider.

☐ No. If no, identify the data and how data were collected to show that paying for fees is not a generally accepted payment practice. Enter Text

c. Describe how the Lead Agency ensures that providers are paid in accordance with a written payment agreement or an authorization for services that includes, at a minimum, information regarding provider payment policies, including rates, schedules, any fees charged to providers, and the dispute-resolution process: *Child care providers serving children participating in the CAPS program are required to sign a Child Care Provider Agreement (CPA) at initial enrollment and on an annual basis thereafter. The CPA defines provider rights and responsibilities, including CAPS payment policies, payment calculations, and the payment dispute resolution process. CAPS payment policies are posted on the CAPS website. Child care providers may also call or email the Lead Agency for questions related to payment policies.*

d. Describe how the Lead Agency provides prompt notice to providers regarding any changes to the family's eligibility status that could impact payments, and such a notice is sent no later than the day that the Lead Agency becomes aware that such a change will occur: *Notices are sent to providers through Georgia Gateway, the system where family eligibility for CAPS is determined, when a family's care begins or ends from their program.*

e. Describe how the Lead Agency has a timely appeal and resolution process for payment inaccuracies and disputes: *Payment disputes and concerns regarding payment inaccuracies are addressed through the Lead Agency's Provider Relations Quality Assurance and Payments team. A provider can request payment adjustments in the payment system, Georgia's Child Care and Administrative Payment System, GACAPS, for various reasons that resulted in an under or overpayment to the provider. These payment requests are reviewed by the team, and payments are netted against previous payments, when applicable. CAPS Policy 12.3.3.2 provides appeal rights for providers receiving subsidies through the CAPS program. The policy states that providers have the right to appeal finance related matters and can request a hearing. CAPS Policy 18.4.2 describes providers' right to an administrative hearing and providers' right to request a reconsideration related to reclaiming funds. When funds are recouped from a provider through payment reviews conducted by the Quality Assurance and Payments team, they will receive a request for reconsideration and review the prior decision. If the decision is affirmed, the provider has the right to appeal. Appeals are handled by the Lead Agency's Legal Division. A reconsideration and appeal process is also afforded to providers for reviews conducted by the Lead Agency's Audits and Compliance team.*

f. Other. Describe any other payment practices established by the Lead Agency: Enter Text

4.4.3 Payment practices and parent choice

How do the Lead Agency's payment practices facilitate provider participation in all categories of care? *The Lead Agency uses a web-based billing portal to process provider claims. Once eligible providers sign up to be a program provider for child care subsidy, they are automatically enrolled to use the web-based portal. All providers are paid via an ACH transfer to the account provided. The web-based portal allows providers to view eligible children assigned to their program, track attendance, and quickly submit an invoice for care weekly. In addition, as noted in 4.4.1, the Lead Agency has taken steps to support equal access to a range of providers by: delinking provider payments from a child's occasional absence and paying providers for a full week of care if the child is present at least one day that week; paying providers up to two weeks a year even if the child is absent the entire week; paying for full-time or part-time care (rather than hours or other smaller increments); and paying for registration fees.*

4.5 Supply Building

Building a supply of high-quality child care that meets the needs and preferences of parents participating in CCDF is necessary to meet CCDF's core purposes. Lead Agencies must support parent choice by providing some portion of direct services via grants or contracts, including at a minimum for children in underserved geographic areas, infants and toddlers, and children with disabilities.

4.5.1 Child care services available through grants or contracts.

Does the Lead Agency provide direct child care services through grants or contracts for child care slots?

☐ Yes, statewide. Describe how the Lead Agency ensures that parents who enroll with a provider who has a grant or contract have choices when selecting a provider: *Enter Text*

☐ Yes, in some jurisdictions but not Statewide. Describe how many jurisdictions use grands or contracts for child care slots and how the Lead Agency ensures that parents who enroll with a provider who has a grant or contract have choices when selecting a provider. *Enter Text*

☒ No. If no, skip to question 4.5.2.

If no, skip to question 4.5.2

i. If yes, identify the populations of children served through grants or contracts for child care slots (check all that apply). For each population selected, identify the number of slots allocated through grants or contracts for direct service of children receiving CCDF.

☐ Children with disabilities. Number of slots allocated through grants or contracts: *Enter Text*

☐ Infants and toddlers. Number of slots allocated through grants or contracts: *Enter Text*

☐ Children needing non-traditional hour care. Number of slots allocated through grants or contracts: *Enter Text*

☐ School-age children. Number of slots allocated through grants or contracts: *Enter Text*

☐ Children experiencing homelessness. Number of slots allocated through grants or contracts: *Enter Text*

☐ Children in urban areas. Percent of CCDF children served in an average month: *Enter Text*

☐ Children in rural areas. Percent of CCDF children served in an average month: *Enter Text*

☐ Other populations. If checked, describe: *Enter Text*

ii. If yes, how are rates for contracted slots within grants and contracts determined by the Lead Agency? *Enter Text*

4.5.2 Care in the child's home (in-home care)

The Lead Agency must allow for in-home care (i.e., care provided in the child's own home) but may limit its use.

Will the Lead Agency limit the use of in-home care in any way?

☒ Yes.

☐ No.

If yes, what limits will the Lead Agency set on the use of in-home care? Check all that apply.

i. ☐ Restricted based on the minimum number of children in the care of the in-home provider to meet the Fair Labor Standards Act (minimum wage) requirements. Describe: *Enter Text*

ii. ☒ Restricted based on the in-home provider meeting a minimum age requirement. Describe: *The provider must be at least 21 years old.*

iii. ☐ Restricted based on the hours of care (i.e., certain number of hours, nontraditional work hours). Describe: *Enter Text*

iv. ☐ Restricted to care by relatives. (A relative provider must be at least 18 years of age based on the definition of eligible child care provider.) Describe: *Enter Text*

v. ☐ Restricted to care for children with special needs or a medical condition. Describe: *Enter Text*

vi. ☐ Restricted to in-home providers that meet additional health and safety requirements beyond those required by CCDF. Describe: *Enter Text*

vii. ☒ Other. Describe: *Per Lead Agency policy, In-home care is considered an Informal Caregiver. An Informal Caregiver is a family, friend, or neighbor who provides care for no more than two unrelated (or no more than six related) children for pay. Informal Caregivers are not required to be licensed but must register with the CAPS program. Informal care can only be authorized in limited situations as detailed in CAPS Participating Providers Policy (CAPS/00-11) when one of following criteria exists: 1) No other licensed care is available within a reasonable geographic area; 2) Care is during non-traditional hours when licensed care is not available; 3) The child in care meets the definition of children with disabilities; 4) The child's primary language is other than English, and no licensed provider equipped for dual language families is available within a reasonable geographic area.*

4.5.3 Shortages in the supply of child care

Lead Agencies must identify shortages in the supply of high-quality child care providers that meet parents' needs and preferences.

What child care shortages has the Lead Agency identified in the State or Territory, and what is the plan to address the child care shortages?

a. In infant and toddler programs:

i. Data sources used to identify shortages: *The Lead Agency houses an internal Research and Policy Analysis Team that conducts on-going analyses using existing administrative data and publicly available data. These analyses are* *used to define a shortage of supply and identify where a shortage in supply may exist for infant and toddler programs in the state. This work includes identifying different areas where there are general gaps in access to infant and toddler child care as well as gaps in access to the state's ECE (early care and education) programs that support infant and toddler child care. The analysis can then be used to make informed decisions about how to direct additional resources.*

ii. Method of tracking progress: *The Lead Agency's Research and Policy Analysis Team and Enterprise PM Director report trends for relevant data at the weekly, monthly, quarterly, and annual level.*

iii. What is the plan to address the child care shortages using family child care homes? *The Lead Agency's Infant and Toddler program provides the LITTLE (Lifting Infants and Toddlers Through Language Rich Environments) Grant to improve quality of care in center-based and family child care programs. In the past, programs in rural areas have received priority points on their grant application based on the county in which the program is located, giving these programs more opportunity to receive LITTLE grants and therefore increase the quality of infant and toddler care in child care deserts. Over the next three years, the Lead Agency plans to fund three new family child care learning home cohorts of 10 providers for the LITTLE grant and will give priority points to programs in rural areas. In addition to the LITTLE Grant, the Lead Agency's Infant and Toddler program provides referral-based technical assistance to all infant and toddler programs. Lastly, the state's CCR&R network will provide technical assistance to programs to improve practice as they prepare to be rated by Quality Rated, the state's QRIS.*

iv. What is the plan to address the child care shortages using child care centers? *The Lead Agency's Infant and Toddler program provides the LITTLE (Lifting Infants and Toddlers Through Language Rich Environments) Grant to improve quality of care in both center-based and family child care programs. In the past, programs in rural areas have received priority points on their grant application based on the county in which the program is located, giving these programs more opportunity to receive LITTLE grants and therefore increase the quality of infant and toddler care in child care deserts. Over the next three years, the Lead Agency plans to fund three new child care learning center cohorts of 15 programs each for the LITTLE grant and will give priority points to programs in rural areas. In addition to the LITTLE Grant, the Lead Agency's Infant and Toddler program provides referral-based technical assistance to all infant and toddler programs. Lastly, the state's CCR&R network will provide technical assistance to programs to improve practice as they prepared to be rated by Quality Rated, the state's QRIS.*

b. In different regions of the State or Territory:

i. Data sources used to identify shortages: *The Lead Agency houses an internal Research and Policy Analysis Team that conducts on-going analyses using* *existing administrative data and publicly available data. These analyses are used to define a shortage of supply and identify where a shortage in supply may exist in different regions of the state. This work includes identifying different areas where there are general gaps in access to child care as well as gaps in access to the state's ECE (early care and education) programs. The analysis can then be used to make informed decisions about how to direct additional resources. For example, these data have been used to support Community Transformation Grant applications. The Research and Policy Analysis unit also works closely with the Enterprise PM Director to develop appropriate methodologies and additional analyses related to cost and supporting quality. In addition to the internal teams, the Lead Agency works with research partners from the Urban Institute, Child Trends, University of Georgia, Georgia State University, and others to conduct formal research studies.*

ii. Method of tracking progress: *The Lead Agency's Research and Policy Analysis Team and Enterprise PM Director report trends for relevant data at the weekly, monthly, quarterly, and annual level.*

iii. What is the plan to address the child care shortages using family child care homes? *Analyses have shown a long term trend that the numbers of family child care learning homes in the state are decreasing. While the pandemic did not accelerate this trend, the resources made available throughout the pandemic did little to change the trajectory of this decline. The Lead Agency has various initiatives in place to support current family child care learning homes and increase the supply of new ones. The Lead Agency offers various business supports through its Thriving Child Care Business Academy, manages child care engagement networks across different geographic regions, and offers community transformation grants that may be used to increase the number of family child care learning homes. The Lead Agency continues to develop better data infrastructure and analysis to better define and monitor the footprint of family child care learning homes in the ECE landscape.*

iv. What is the plan to address the child care shortages using child care centers? *Analyses have shown that while there is a trend of decreasing family child care learning homes in the state, child care capacity overall has not decreased. This is due to an increase in overall child care capacity by child care learning centers. The Lead Agency continues to develop better data infrastructure and analysis to better define and monitor the footprint of child care centers in the ECE landscape.*

c. In care for special populations?

i. Data sources used to identify shortages: *In 2021, the Lead Agency commissioned the Urban Institute to conduct stakeholder engagement activities that identified overall early education needs across the state. One of the needs identified was for child care during nontraditional work hours. Based on these initial findings, the Urban Institute conducted further research to determine where nontraditional hour care was most needed. This* *supplemental research study was completed in early 2023. Based on these findings, the Lead Agency created a pilot program: EXPAND grants, offering child care providers and community collaboratives funds to extend hours and/or create local community solutions.*

ii. Method of tracking progress: *The Lead Agency has contracted with researchers from the University of Georgia to evaluate EXPAND. Results should be available in 2025.*

iii. What is the plan to address the child care shortages using family child care? *Two family child care learning homes have received EXPAND grants.*

iv. What is the plan to address the child care shortages using child care centers? *Five child care learning centers have received EXPAND grants.*

4.5.4 Strategies to increase the supply of and improve quality of child care

Lead Agencies must develop and implement strategies to increase the supply of and improve the quality of child care services. These strategies must address child care in underserved geographic areas; infants and toddlers; children with disabilities, as defined by the Lead Agency; and children who receive care during non-traditional hours.

How does the Lead Agency identify any gaps in the supply and quality of child care services and what strategies are used to address those gaps for:

a. Underserved geographic areas. Describe: *The Lead Agency will continue to provide a Pre-K Summer Transition Program focused on language and literacy, math, and social-emotional development to support school readiness. The program is offered in 62 counties in Georgia. Communities who do not currently offer the Summer Transition Program are targeted and prioritized for funding each year. DECAL has awarded two rounds of Community Transformation Grants to communities across the state to strengthen local supports and services for the birth to eight population and their families across the state. In 2021, DECAL awarded the first cohort to eight community collaboratives and in 2022, DECAL awarded the second cohort to eighteen community collaboratives. Grantees selected one of nine focus areas to develop and implement community projects that will increase access to high-quality early childhood programs for children living in rural areas of Georgia. Community projects are focused on increasing school readiness; on supporting the improvement of literacy levels for all children, and implementing a pilot program to increase the number of family child care learning homes in three counties to provide greater access to high-quality early childhood programs for children and families. DECAL engaged GEEARS (Georgia Early Education Alliance for Ready Students) to conduct an independent evaluation of the Community Transformation Grant program. This report is still in draft and will be complete by the end of 2024. DECAL plans to fund new cohorts of Community Transformation Grants over the next three years to support children in underserved areas*.

b. Infants and toddlers. Describe*: DECAL has awarded two rounds of Community Transformation Grants to communities across the state to strengthen local supports and services for the birth to eight population and their families. In 2021, DECAL awarded the first cohort to eight community collaboratives and in 2022, DECAL awarded the second cohort to eighteen community collaboratives. Grantees selected one of nine focus areas to develop and implement community projects that will increase access to high-quality early childhood* *programs for infants and toddlers (6 weeks to 36 months) and build awareness around the importance of early learning. Community projects are focused on ensuring that children receive abundant, language-rich adult-child interactions, which are scientifically proven to increase neural connections in a young child's brain. DECAL engaged GEEARS (Georgia Early Education Alliance for Ready Students) to conduct an independent evaluation of the Community Transformation Grant program. This report is still in draft and will be complete by the end of 2024. DECAL plans to fund new cohorts of Community Transformation Grants over the next three years to support infants and toddlers. The Lead Agency's Infant and Toddler Program has a team of 14 regionally based Infant Toddler Specialists who work with early learning professionals to provide coaching and training on literacy, early brain development, responsive caregiving, and other relevant needs. The Infant and Toddler program offers Lifting Infants and Toddlers Through Language-rich Environments (LITTLE) grants, awarded through a grant application process to child care centers and family child care learning homes that serve infants and toddlers. These grants are designed to increase classroom quality through targeted training and coaching to help teachers use responsive caregiving practices to build literacy skills in infants and toddlers in their care. The grants provide funds for salary and benefits for a peer coach, language and literacy materials for classrooms, and stipends to teachers, peer coaches, and administrators for participating in professional learning opportunities. Coaches work with an Infant and Toddler Specialist to provide classroom-based support through coaching. Since the program started, three cohorts of child care learning centers and two cohorts of family child care learning home providers have been created. The Lead Agency plans to fund three new child care learning center cohorts of 15 programs each and three new family child care learning home provider cohorts of 10 providers over the next three years. The Infant and Toddler Specialists also receive referrals from the child care resource and referral agencies to provide coaching and technical assistance to child care programs to improve the quality of infant and toddler care in child care programs. Additionally, specialists provide an activity training series to enhance best practices in infant toddler classrooms.*

c. Children with disabilities. Describe *DECAL has awarded two rounds of Community Transformation Grants to communities across the state to strengthen local supports and services for the birth to eight population and their families. In 2021, DECAL awarded the first cohort to eight community collaboratives and in 2022, DECAL awarded the second cohort to eighteen community collaboratives. Grantees selected one of nine focus areas to develop and implement community projects that will provide enhanced services to young children related to the early identification and treatment of developmental delays and disabilities and build awareness around the importance of early learning. Community projects are focused on providing free vision screenings, exams, and glasses for children to eliminate the financial barriers that many families experience when their children have been identified with impaired vision. The objectives of the grant program included: providing community-level supports for Georgia's children birth to eight and their families; increasing opportunities for sustainable community collaboration; creating new opportunities for communities to innovate at the local level to address critical needs; and supporting the development of community-based initiatives that can be expanded or taken to scale. DECAL engaged GEEARS (Georgia Early Education Alliance for Ready Students) to conduct an independent evaluation of the Community Transformation Grant program. This evaluation report will be complete at the end of 2024. DECAL plans to fund new cohorts of Community Transformation Grants over the next three years to support children with disabilities. The Lead Agency has an Inclusion and Behavior Support Program with 20 regionally-based specialists who work with birth to five and school-*

age programs to provide training and coaching on the benefits of including children with disabilities and on modifying and adapting the classroom environment and activities to accommodate all. The team provides an inclusion training series for early learning professionals focusing on understanding the importance of inclusion, the laws that support children with disabilities, and strategies to implement inclusive practices in early learning environments. This series was designed to increase access to quality child care for children with disabilities and their families by increasing educators' understanding of inclusion and confidence in providing an inclusive environment for children with disabilities. Educators receive a stipend and classroom materials that support creating inclusive classrooms. The Lead Agency plans to provide the training series to three cohorts of early learning professionals over the next three years. The Lead Agency also provides an inclusion mini grant to early learning professionals who would benefit from technical assistance to support including children with disabilities in their care. Professionals receive coaching from an Inclusion and Behavior Support Specialist, who assists the professional in implementing inclusive practices, identifying materials, equipment, or training needed to support the child's development and inclusion in the program. The Lead Agency plans to fund at least 75 mini grants over the next three years. The Lead Agency is currently piloting an Infant Early Childhood Mental Health Consultation (IECMHC) Program, which pairs a master's level mental health professional with an Inclusion and Behavior Support Specialist to provide enhanced support to teachers, child care center staff, children, and their families. This program helps with the early identification of children who struggle with social emotional issues or who have experienced early childhood trauma (such as the foster care population, children with high Adverse Childhood Experiences [ACES], exposure to domestic violence and abuse, etc.). IECMHC also supports caregivers, including teachers and parents, to access mental health treatment and resources effectively in their communities. Currently, seven mental health consultants are serving 12 child care programs. The Lead Agency is conducting an evaluation of the pilot project which will inform expansion of the program over the next three years. :

d. Children who receive care during non-traditional hours. Describe: *DECAL contracted with the Urban Institute to better understand the need for non-traditional hour child care in Georgia through surveys of providers, focus groups with families who need non-traditional hour care, and analyses of DECAL administrative data and statewide census data. While DECAL collects and tracks the operating hours that licensed programs are authorized to open, programs may open later or close earlier than their authorized hours. Defining non-traditional hour child care as between 6:00 PM and 7:00 AM on weekdays and any time on weekends, the Urban Institute found that DECAL may be overestimating the supply of non-traditional hour care by as much as 50 percent by comparing provider survey-reported operating hours to licensed operating hours. To address the gap in available non-traditional hour child care, DECAL launched the Expanding Parents Access to Nontraditional Delivery (EXPAND) grants program in fall 2023. There are two types of EXPAND grants: one for licensed child care providers to expand their operating hours and a second for government entities and nonprofit organizations to form collaboratives to address the child care access challenges in their communities. Funded by the American Rescue Plan (ARP) Act, five licensed child care learning centers, two licensed family child care learning homes, and six nonprofit and government entities received EXPAND grants in October 2023. Providers received awards up to $500,000 and nonprofit and government entities up to $750,000. Project periods run through December 31, 2024, with provider grantees using funds to implement the supports they need to extend their hours and nonprofit and government entities using funds to support* *providers in their areas and offer child care tuition assistance to their local communities. DECAL is working with University of Georgia's Carl Vinson Institute of Government to evaluate the implementation and impact of these grants.*

e. Other. Specify what population is being focused on to increase supply or improve quality. Describe: *Not applicable*

4.5.5 Prioritization of investments in areas of concentrated poverty and unemployment

Lead Agencies must prioritize investments for increasing access to high-quality child care and development services for children of families in areas that have significant concentrations of poverty and unemployment and do not currently have sufficient numbers of such programs.

Describe how the Lead Agency prioritizes increasing access to high-quality child care and development services for children of families in areas that have significant concentrations of poverty and unemployment and that do not have access to high-quality programs. *As part of its child care access, consumer education, and family outreach activities, the Lead Agency funds participation in community events to distribute information about accessing early education supports and to provide referrals to high-quality child care. The Lead Agency prioritizes participating in activities held in underserved regions and targeted to families experiencing low-income, poverty, or unemployment who do not have widespread access to high-quality child care programs.*