

Assessing the Cost of Care

The process for assessing the cost of care included collection of feedback from stakeholders about the overall process, the proposed data collection instruments, as well as feedback about their experience with the child care subsidy program. Market rate data collected for all licensed child care providers was examined to calculate the market rate by age group and designated geographical regions. A short survey was distributed to all providers to collect information on barriers to participation in the subsidy program and required parent fees above the cost of tuition.

Summary of Stakeholder Input

Prior to the Market Rate Survey, the Cost of Care Survey, and submission of the CCDF Plan, stakeholders were engaged regarding the process for assessing the cost of care. Stakeholders offered suggestions for improving the Cost of Care Survey that were incorporated into the tool. Examples:

- Incorporating language to assure providers that sensitive financial data collected during the process would be confidential and that no data would be reported for individual programs.
- Clarifying language about scholarships and tuition reductions for staff to note that there is not a significant difference between the terms and that they would be included under the same expense category.
- Adding logic to the questions about enrollment to direct providers to follow-up questions based upon whether they answered that their enrollment had increased or decreased during the pandemic.
- Incorporating additional language into the survey introduction to better explain how the survey results would be used.
- Utilizing data from recent tax filings that would include info about the business structure.
- Including questions to collect data on enrollment and capacity during the pandemic.
- Adding questions to capture insurance payments.
- Including questions about grant monies received during the pandemic.
- Adding questions about total salaries paid instead of expenses by individual educator.

A stakeholder suggested that we use the surveys to collect county level data on the number of 3- and 4-year-old children in care. Although the cost of care survey collected enrollment data, the resulting dataset only reflects a sample of the entire provider population. Provisions for collecting enrollment data from all providers for all age groups served has been incorporated into the new eLicensing system and will result in a more reliable ongoing resource for this data.

Numerous stakeholders also offered comment in support of increasing reimbursement rates to levels that would better align with the cost of care. The Lead agency implemented a 10% rate increase for all providers and 15% differential for children identified with diagnosed disabilities and special needs in October 2021.

Summary of Provider Short Survey Results

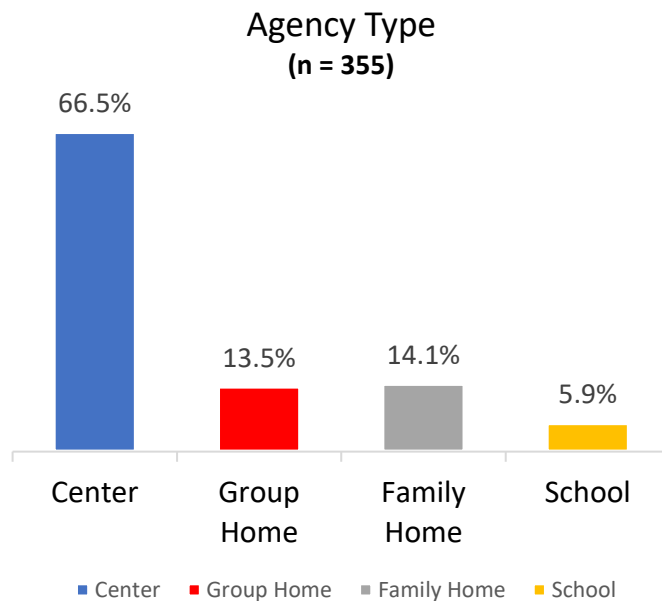
Purpose and methodology

The Tennessee Department of Human Services is interested in hearing from child care providers about their experience with the child care subsidy program. TDHS sent an email to all child care providers inviting them to provide their input by completing a web survey. The link to the survey was embedded in the email invitation. The survey remained open for participation from May 10 through June 11, 2021.

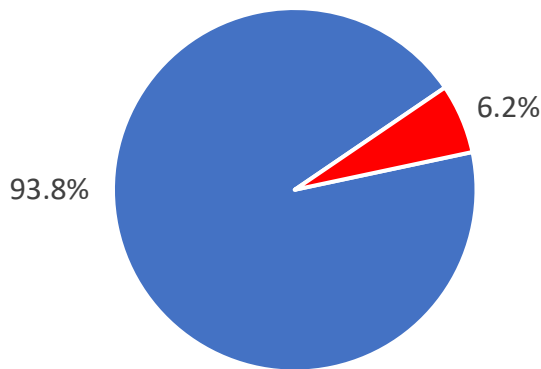
Who participated in the survey?

A total of 356 providers participated in the survey – 317 answered all of the questions and 39 answered a portion of the survey questions.

- The majority of providers who responded to the survey (66.5%) operated Centers.
- Slightly more than one-fourth of the respondents operated Family or Group Homes.
- Less than 10% of the respondents represented Schools.



Regulatory Agency



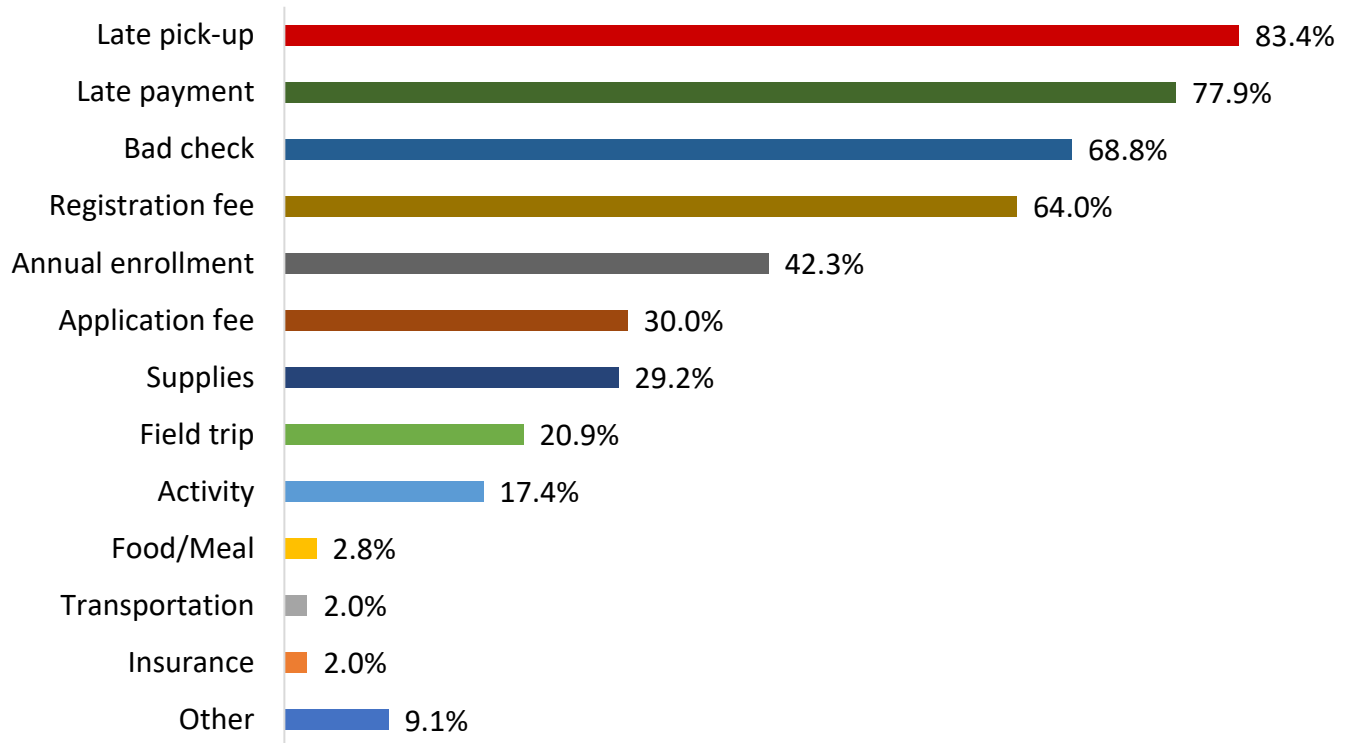
The overwhelming majority of respondents (93.8%) are regulated by Tennessee Department of Human Services.

- TDHS Licensed Agency
- TDOE Approved Agency

What fees are parents required to pay?

Providers were asked about fees that parents are required to pay in addition to tuition. Almost three out of four respondents (71.1%) reported that parents were responsible for additional fees beyond tuition. The most common fees were associated with punitive actions – for late pick-up (83.4%), late payment (77.9%), and for writing a bad check (68.8%). Approximately two out of three providers who charge additional fees (64.0%) charge a registration fee. Other fees included enrollment and application fees, supplies, field trips and other activities. The prevalence for the use of these charges is displayed below.

Additional Fees
(n = 253)



Other additional fees or charges that providers require from parents are:

- Wait list fee
- Summer camps
- Security deposit
- Diapers
- Rest mat fee
- T-shirts
- Curriculum and book fee
- Technology fee

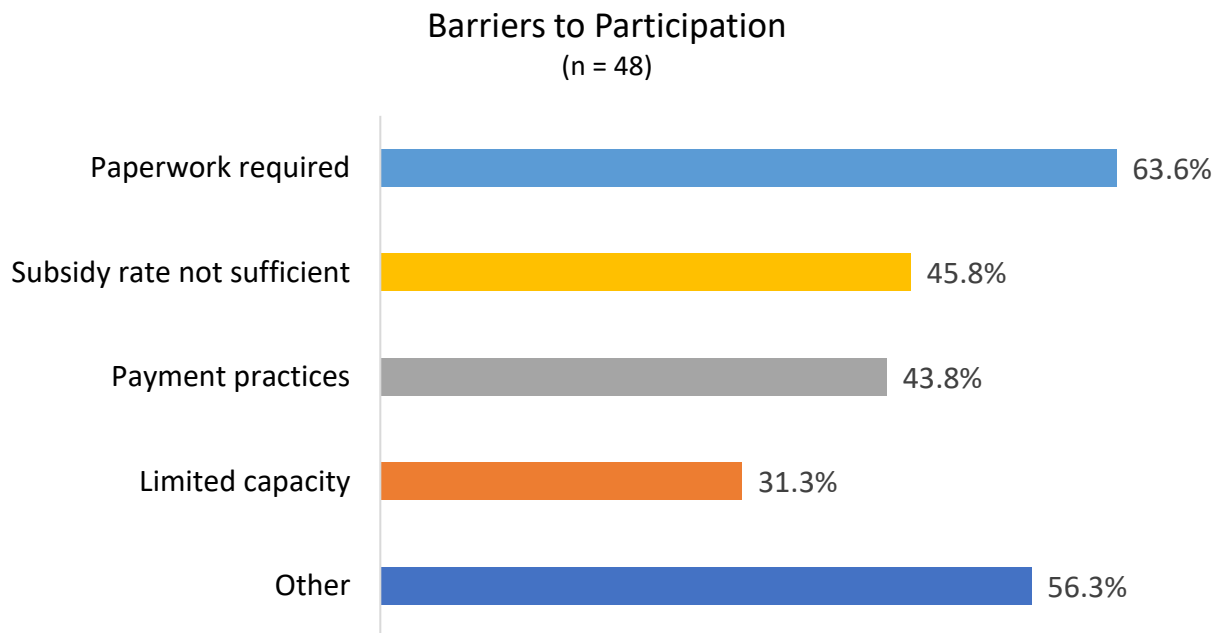
State’s child care subsidy program

A large majority of respondents (84.9%) indicated they currently participate in the state’s child care subsidy program. Almost half of these providers (48.5%) charge parents more than the program’s required co-payments when their rates exceed the subsidy payment amount. The amount of the additional charges for the majority of providers was less than \$50 (see Table below).

(n = 142) Age group	Amount of payment				Frequency of payment		Does not serve
	</=\$20	\$21-\$50	\$51-\$75	>\$75	Weekly	Monthly	

							this age group
Infant	33.8%	29.6%	5.6%	9.9%	69.3%	10.0%	21.1%
Toddler	38.0%	33.8%	11.3%	9.9%	80.0%	12.1%	7.0%
2 Years	32.4%	34.5%	14.8%	11.3%	80.7%	12.1%	7.0%
3 Years	30.3%	38.7%	16.9%	12.0%	86.2%	11.6%	2.1%
4 Years	31.7%	39.4%	13.4%	13.4%	85.6%	12.2%	2.1%
5 Years	32.4%	35.9%	17.6%	9.9%	84.2%	11.5%	4.2%
School age	32.4%	17.6%	6.3%	4.2%	57.9%	3.6%	39.4%

Providers were also asked if they have experienced barriers for participation in the child care subsidy program. Slightly more than one out of ten providers (13.9%) indicated they have experienced a barrier. The paperwork required for participation was the most frequently cited barrier followed by subsidy rates not being sufficient and payment practices (see chart below).



Respondents also provided additional barriers they had experienced in participating in the subsidy program. Their comments are below:

- Ability to issue voucher for before & after - Head Start
- Can't contact anyone to get in the certificate programs
- Certificates
- Curriculum freedom
- Customer service
- Delay in reimbursement payment
- Essential Workers ONLY

- Families need more hours than we provide
- Inefficiency in DHS
- It has been a chore to get everything going smoothly in working with the department. But once we got the correct contact it has been so much better.
- Lack of response to parents of Regular Certificates when they have expired (since the Pandemic).
- Most parents do not qualify for program due to income. We would like to see if income modifications can be made to accommodate essential workers who would not normally qualify for program.
- No paying when child does not come. I feel this not fair because you're paying for the spot and not attendance.
- Not enough children on program
- Only began because of Essential Work program
- Parent lack of certification
- Parents not wanting to do the compliance hours
- Parents tend to leave children in excess of the 9.5 hours which causes an increase in labor costs. When asked for additional fees, they remove the children and enroll in another facility.
- Poor communication with providers when enrollment ends abruptly. Poor communication with parents. Process should be automated with areas to upload docs. Providers should have access to the timeline.
- Scheduling duplicate fingerprinting
- School board decision, only opened for the essential workers
- They don't answer the phone - there is no one to talk when need it.
- They don't answer the phone, there is no one to talk to when matters arise. Lack of someone to talk when needed.
- Timeliness of payments
- Very difficult to verify child's eligibility. Certificates are not sent timely especially when a child's eligibility and fees change from one program to another. Almost impossible to get in touch with the workers. Callbacks and message responses are almost impossible. Payments are not always timely. It's been over a year with the old system and the payments are still sporadic. It's bad enough having to wait almost a month for payments.
- We have had missing payments when it comes to the Essential Vouchers. We have had money missing since August but parents don't feel the need to pay since they have been "approved" regardless if we have received the payment. Also, I think it needs to be made clear that the schools do not have control over the amounts or when payments are disbursed. All questions regarding this program should be directed toward the state not the directors for them to figure out. It's a great program but adds so much extra work for directors.

Approved by the Department of Human Services May 25, 2022.