

MEMORANDUM

February 10, 2015

TO: Health and Human Services Committee
Education Committee

FROM: Vivian Yao, Legislative Analyst 

SUBJECT: Discussion – Update to the 2014 Working Parents Assistance Program
Workgroup Report

The Health and Human Services and the Education Committees will discuss the 2014 Working Parents Assistance Program (WPA) Workgroup Report. The following individuals are expected to participate in the discussion:

- Uma Ahluwalia, Director, Department of Health and Human Services (DHHS), and
- JoAnn Barnes, Acting Chief, Children, Youth, and Families DHHS, will participate in the discussion

The update to the 2014 Working Parents Assistance Program is attached at ©2-16, the original 2014 reports is attached at ©17-35, and DHHS responses to Council staff questions are attached at ©36-42. .

BACKGROUND

Child Care Subsidy Programs

The State Child Care Subsidy Program (SCCSP), formerly known as Purchase of Care (POC), and the County's WPA programs are the two child care subsidy programs that serve Montgomery County residents. As a part of its advocacy, the Montgomery County Commission on Child Care has emphasized the need and importance of adequately funding child care subsidies. The Commission has reported that "families in Montgomery County still cannot afford the high cost of quality child care. As a result, many children miss out on educational and social opportunities critical to school readiness."

The Joint Committee has monitored the use of child care subsidies by Montgomery County residents for many years. Because available funding for subsidies has fluctuated as a result of economic conditions, wait lists for the State and County programs have affected the ability of Montgomery County families to participate in subsidy programs. During the most

recent economic downturn, Committee members heard about the substantial co-pays required of families to participate in the WPA program and expressed the need to revisit child care subsidy policies when the economy rebounds.

Currently, Executive reports that the State SCCSP has 2 out of 10 income brackets in frozen/wait list status. The frozen income brackets allowed the SCCSP to pay a 2.5% subsidy increase to providers that went into effect on January 1. The anticipation is that the two income brackets in frozen status will remain frozen throughout FY15. As of January 29, 2015, the Department has not received any indication as to whether or not the frozen status will remain throughout FY16. Likewise, the Department has not received any indication as to whether or not the State will impose a frozen status on additional income brackets during FY15 or FY16.

WPA Program and Budget Update

To address concerns about growing wait list numbers, the inability for working parents to access quality child care, and the potential negative effect on the educational outcomes for children without quality child care options, the Council has increased the funding level for WPA in recent years. The following table shows four-year trend data for WPA subsidy funding.

Fiscal Year	Budgeted Amount	Change from Previous Year	Actual Amount Spent
FY12	1,792,210	- 50,000	1,607,739
FY13	2,292,210	+500,000	2,557,510
FY14	2,630,880	+338,670	1,977,853
FY15	2,630,880	level	1,055,142 thru 11/14

Over the four-year period, funding for WPA subsidies increased by \$838,670 or 46.8%. The FY15 budgeted amount for WPA stayed at the FY14 approved funding level because of underspending in FY14, due in part to a late enrollment of new families after the opening of a wait list. It appears that the program is on track to spend the amount budgeted for subsidies in FY15.

The Department reports that there is currently no wait list for the WPA program. It anticipates needing to implement a WPA wait list in FY15 only if (1) SCCSP freezes enrollment in more income brackets; (2) if WPA enrollment trends change drastically, particularly if the recommended WPA Voucher Tables are implemented without the additional funding needed to support demand.

The follow table shows the average monthly data related to the WPA program in FY14.

Average Monthly Amount	FY14
Subsidy per Child	\$492.33
# children served (paid)	323.2
# vouchered children	416.2
# participating families	235.8
# New Applications Received	28.6
# New Applications Approved	19.9

Council staff notes that the discrepancy between the number of vouchered children and the number of children actually using vouchers illustrates the ongoing dynamic of families not using vouchers because of the high cost of care.

WPA WORK GROUP REPORTS

2014 WPA Work Group Report

The Executive transmitted the 2014 WPA Work Group report (©17-35) to the Council on April 14, pursuant to Council Resolution Number 17-934. The Council requested that the Executive convene a work group to review the WPA program including eligibility criteria, provider participation requirements, the process for determining subsidy awards, and County regulations governing WPA implementation.

The Work Group included representatives from DHHS, the Commission on Child Care, the local child care community and other key stakeholders. In its initial report, the Work Group made the following recommendations for the WPA program:

1. **Revise the WPA Income Guidelines using 60% of the 2013 Metropolitan Area Median Income equivalent to 331% of the 2013 Federal Poverty Level** so that the gross maximum income per family does not vary (see ©26).
2. **Review WPA Subsidy Tables to increase subsidy voucher amounts and lower out of pocket expense of participants:**
 - based on the average cost of child care in Montgomery County multiplied by a designated percentage based on household income,
 - so that each child in an eligible family needing child care receives a voucher based on the average cost in Montgomery County.
3. **Implement proposed WPA Income Guidelines and Subsidy Tables immediately** (effectively April 1, 2014) with a waiver from the DHHS Director until necessary changes are made to COMCOR.
4. **Revise COMCOR**
 - **codify waivers in effect since 2007 including:**
 - Increasing the income disregard for relative caretakers from \$10,000 to \$30,000 per child;
 - Allowing a 30-day authorization of a voucher paid to an informal provider if the customer is transitioning from POC to WPA, has been using an informal provider, and needs additional time to locate licensed child care; and
 - Allowing a phase-in, phase-down, and phase-out process in voucher calculations to ease transition from one subsidy level to another.

- **Change current minimum participation hours from 30 hours per week to 25 hours per week.** The Department explains that this change furthers the program goal of encouraging family self-sufficiency by adapting the program to current economic employment trends that low-income families face and allowing children to remain or be placed in consistent, quality early education environments while their parents participate in activities that maintain or lead to greater self-sufficiency.
5. **Increase community outreach** and collaborations to reach children of low-income families that can benefit from quality early childhood care and education.
 6. **Develop a briefing paper for the Montgomery County Delegation to the General Assembly** to advocate for increases to the State Child Care Subsidy Program income guidelines and voucher amounts. The Workgroup recognized that its recommendations would result in a widening gap between the two programs, but felt that a broader policy discussion of how to address the disparity should be held in a more public forum and would require additional time for deliberations and development of appropriate actions.

The WPA Work Group also acknowledged the need to address whether participation in Maryland EXCELS quality rating system is mandated for WPA participation after full implementation of Maryland EXCELS and an evaluation is performed of its impact on the availability of quality child care.

The Joint Committee understood that the WPA Workgroup Report raised significant policy issues¹. Because it recognized the need for the Department to complete a comprehensive analysis of the work group’s recommendations, it requested a written report by October 1, 2014.

Update to the 2014 WPA Work Group Report

The County Executive transmitted the update to the 2014 WPA Work Group report (©1-16) to the Council on December 9, 2014. The Work Group reconvened to review the SCCSP and WPA programs and make recommendations to address the disparity that would be exacerbated from the WPA Work Group’s earlier recommendations.

The update makes the following additional recommendations:

1. **Review the WPA Income Guidelines proposed by the WPA Workgroup by capping the program at the income level for a family of six (©8).** Currently, maximum income is capped at a family size of five. Executive staff explains that this change will allow the program to become fully utilized by tying program eligibility requirements

¹ Updating the WPA income and subsidy tables would create a significant disparity between the families that fall within the WPA income guidelines and the lower income families that fall within the guidelines of SCCSP. WPA families would receive higher payments than lower income SCCSP families that do not have the option to participate in WPA.

more closely to the 2013 Cost of Living and 2013 Average Cost of Child Care and make child care more accessible and affordable.

2. **Revising the WPA Subsidy Tables to be based on the Average Cost of Child Care in the County multiplied by an applicable percentage based on income ranging from 70% for the lowest incomes to 45% for the highest (©8).** The recommendation simplifies the monthly subsidy calculation, which currently is based on 90% of a calculated need figure. The calculated need amounts takes into account a number of factors related to an individual family's circumstances, rather than a percentage of the average cost of child care determined by family income.
3. **Implement the proposed WPA Income Guidelines and Subsidy Tables effective January 1, 2015.** This would require additional funds of approximately \$178,992, or a full year amount of \$569,856, assuming the exiting caseload of 433 children. Assumed program growth of 5 children per month would require an additional \$404,232 for a mid-year start date or \$804,510 for a full year. The Department states its believes that implementing the proposed WPA Voucher Tables and incomes guidelines would allow "more low-income families to sustain employment and contribute to Montgomery County's economy and workforce and will ultimately contribute toward less generational dependency upon income support programs and remedial services."

The Department has taken the following steps toward implementing the recommended guidelines and subsidy tables: (1) revised WPA regulations pertaining to participation hours; (2) conducted a cost analysis to determine at what point the proposed tables could be implemented in FY15; and (3) added additional items to current waivers.

Council staff notes that another option for implementing the income guidelines and subsidy tables at a lesser cost than full implementation would be to prioritize the implementation for children ages birth to 5 years old. DHHS reports that it would require an increase over the current subsidy funding level of \$185,975 for a mid-year start and \$244,994 for a full year.

4. **Revise WPA program regulations** to serve children up to their 13th birthday unless they are receiving SSI and **add funds to supplement SCCSP families with a revision to WPA program regulations.** Subsidizing SCCSP families would be a significant change in policy that would assume financial responsibility for the unmet cost of child care for County residents. Options presented by the Work Group include:
 - The cost for a mid-year start up would be \$3,221,184, and an estimated annualized cost would be \$6,442,368. **The Joint Committee should seek clarification from Executive about the estimated cost for subsidizing SCCSP families given the recent 2.5% increase in payments to SCCSP providers.**
 - The estimated cost to implement to a priority group of children ages birth to five years old would be \$2,001,723 if implemented mid-year and \$4,003,446 for a full year. **The Joint Committee should seek clarification from Executive about the**

estimated cost for subsidizing SCCSP families given the recent 2.5% increase in payments to SCCSP providers.

- Provide a smaller supplement to providers serving SCCSP families but also provide credits for training for each SCCSP child for which the provider is paid.
 - Only provide training credits for each SCCSP child for which the provider is paid.
 - Create a flex fund managed by the Montgomery Child Care Resource and Referral Center for providers that serve SCCSP families and agree not to charge more than the State assigned co-pay. Providers could apply for small grants for equipment, supplies, or curriculum.
5. **Increase community outreach efforts and increase the MCCRRC budget by \$35,000 per year to pay for professional development for providers and increase the Child Care Subsidy Program operating budget by \$15,000 to develop outreach and educational materials in multiple languages.**
 6. Collaborate with Maryland Family Networks to develop a briefing paper for the County Delegation to the General Assembly
 7. **Require EXCELS participation for WPA providers.**

The update concludes that it is “a matter of urgency for the WPA child care subsidy tables to be immediately adjusted to the current Consumer Price Index. . . . When the County supports its lower income residents to become productive and self-sufficient, it increases the likelihood of these families excelling without public assistance and contributing to their community.”

MSB



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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

RECEIVED
MONTGOMERY COUNTY
COUNCIL

December 9, 2014

TO: George Leventhal, President
Montgomery County Council

FROM: Isiah Leggett 
County Executive

SUBJECT: Update to the 2014 Working Parents Assistance Program Workgroup Report

Please find attached the updated Working Parents Assistance (WPA) Workgroup Report for your review. The original Report was requested by Council Resolution Number 17-934 was presented in April to the County Executive and the County Council, and is also attached for reference. The Workgroup included representatives from the Commission on Child Care, the local child care community, other key stakeholders and the Department of Health and Human Services (DHHS).

The Workgroup initially studied the WPA program and recommended updates to the WPA income guidelines, a "per child" subsidy instead of a "per family" subsidy, and increasing the subsidy amounts to reduce the out of pocket costs for low-income working families. The Report suggested changes to the WPA income and voucher tables that would provide immediate relief to working families currently enrolled in the program. However, it created a significant disparity between the WPA families and the lower income families enrolled in the State Child Care Subsidy Program (SCCSP).

The Workgroup was charged to reconvene and review the programs, and make recommendations to address the disparity that would be exacerbated with the first set of recommendations. The Committee took its charge very seriously and has proposed in the updated Report options for consideration by the County Executive and County Council. This was a difficult task given the gap between the proposed WPA recommendation and current state child care subsidy program subsidy thresholds. I am transmitting the updated Report as submitted by the Workgroup. The cost to implement the various options is summarized by the workgroup in Appendix C.

The Workgroup recognized the urgency of these recommendations for low-income working families and recommends that the changes to the income and subsidy tables take effect on January 1, 2015.

IL:kdm

Attachment

c: Bonnie A. Kirkland, Assistant Chief Administrative Officer – w/o attachment

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Montgomery County Department of Health and Human Services
Children Youth and Family Services
2014 Working Parents Assistance Program Workgroup
October 2014 Report Update

Introduction and Background

Under the authority of Resolution Number 17-934 from the County Council for Montgomery County, Maryland, the Working Parents Assistance (WPA) Workgroup met and submitted the March 2014 WPA Workgroup Report. The report made recommendations for improvements to the WPA program to help meet the needs of low-income working families. At the same time, the March 2014 report raised critical policy issues regarding the families served by the State versus the County program. Updating the WPA income and subsidy tables creates a significant disparity between the families that fall within the WPA income guidelines and the lower income families that fall within the guidelines of the State Child Care Subsidy Program (SCCSP)—formerly known as Purchase of Care (POC).

The WPA Report Update makes recommendations to reduce the disparity and adequately serve all eligible low-income parents in need of a child care subsidy. In addition, the recommendations promote a level of quality child care to subsidized families while decreasing the out-of-pocket expense necessary to sustain their child care enrollment.

When the workgroup reviewed actual cases to test the proposed changes to income guidelines and subsidy amounts, it was clear that not updating the WPA Program has caused the program to be underutilized. The income tables, currently based on 2006 Standard Cost of Living, combined with the increased cost of child care in Montgomery County, make it difficult for low income parents to use the WPA program. To effectively address this problem, the group looked closely at the need for additional funding to implement the increased subsidy tables so that more children from low-income families have the opportunity to access quality child care.

The WPA Report Update makes recommendations to reduce the disparity and adequately serve all eligible low-income parents in need of a child care subsidy. In addition, the recommendations promote a level of quality child care to subsidized families while decreasing the out-of-pocket expense necessary to sustain their child care enrollment.

Through the Working Parents Assistance (WPA), children from low-income families are afforded the same things that all parents want for their children:

- The opportunity to participate in high quality child care experiences;
- The chance to start school ready to learn;
- The ability to participate in consistent, safe and quality child care while their parents participate in work, school or other training opportunities that lead to self-sufficiency.

Summary of March 2014 Recommendations

The March 2014 WPA Report proposed programmatic changes to reduce out-of-pocket child care expenses, reduce self-sufficiency barriers, and allow children from low-income families equal access to early care and quality child care experiences, specifically for families enrolled in the WPA program.

With the understanding that the SCCSP tables can only be increased with legislative intervention, the WPA Workgroup focused on:

- Updating the WPA Program to reach more low-income families who are over scale for most income based eligibility programs, but still cannot afford Montgomery County's cost of living.
- Updating WPA Program tables based on 60% of the current Metropolitan Area Median Income¹. The WPA subsidy tables were last updated in FY06 and understandably the cost to bring them up to date now will be significant as compared to the current appropriation for the program. However, it is obvious that the rate of subsidy that eligible families receive has not kept pace with the current cost of living in our County (See Table 1, Columns G, H, and I).

The March 2014 WPA Report proposed programmatic changes to reduce out-of-pocket child care expenses, reduce self-sufficiency barriers, and allow children from low-income families equal access to early care and quality child care experiences, specifically for families enrolled in the WPA program.

¹The Metropolitan Area Median Income is the middle point in the income range for a family for a metropolitan area. It can also be applied to non-metro parts of a state. The term is used to classify incomes into moderate, upper, and low ranges. Area median income is also used to determine if a person is eligible for federally funded programs, as well as locally funded programs. 60% of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Area is equal to 331% of the Federal Poverty Level.

Table 1. Sample Families Using Child Care Centers

Case	Family Size	Age Child	Center Cost	Percentage	Summer Care	After School Care	Total	
1	\$26,634	2	4	\$1098	49%	\$408	\$539	\$769
2	\$41,972	4	4	\$1098	48%	\$150	\$678	\$769
			11	\$587		\$484	\$540	\$411
3	\$31,668	3	4	\$1098	64%	\$265	\$678	\$769
			7	\$587		\$578	\$543	\$411
4	\$32,344	3	3	\$1098	77%	\$247	\$678	\$769
			6	\$967		\$578	\$522	\$677
5	\$20,748	2	3	\$1098	64%	\$654	\$801	\$769
6	\$24,102	2	3	\$1098	55%	\$504	\$659	\$769
7	\$30,576	3	3	\$1098	86%	\$303	\$678	\$769
			5	\$1098		\$578	\$687	\$769
8	\$25,230	2	5	\$1098	52%	\$464	\$609	\$677
9	\$36,961	3	2	\$1098	67%	\$780	\$678	\$416
			5	\$967		\$150	\$467	\$629
10	\$36,936	4	2	\$1098	71%	\$377	\$678	\$769
			2	\$1098		\$828	\$840	\$769
11	\$30,291	3	4	\$1098	82%	\$327	\$678	\$769
			7	\$967		\$578	\$606	\$769

Average Cost for Center Care	Explanation of Care Type*
\$1,460	Average Monthly Cost of Center care 0 up to age 2
\$1,098	Average Monthly Cost of Center care for age 2 and not 5 by September 1
\$967	Average Monthly Cost of Center care for school-age FT Summer Care or FT care based on parents schedule
\$587	Average Monthly Cost of Center care for school-age before and after school care

The March 2014 WPA Workgroup Report recommended:

- Programmatic changes that support low-income working families with the cost of child care based upon the Metropolitan Area Median Income and the average cost of child care in Montgomery County;
- Changing the WPA tables to reduce out-of-pocket child care expenses and implementing the tables by April 2014;
- Strategies that reduce barriers to allow children from low-income families equal access to child care.

The specific recommendations in the report were:

Recommendation 1: Revise the WPA Income Guidelines using current Federal indices.

Recommendation 2: Revise WPA Subsidy Tables to increase the subsidy voucher amounts and lower the out of pocket expense required to access quality child care.

Recommendation 3: Implement the proposed WPA Income Guidelines and Subsidy Tables, effective immediately.

Recommendation 4: Revise Code of Montgomery County Regulations (COMCOR) to reflect the recommended changes to WPA program policy and the related tables.

Recommendation 5: Increase outreach efforts to attract families, providers and community partners to use the program.

Recommendation 6: Develop a briefing paper for the Montgomery County Delegation to the State General Assembly to assist them in their advocacy with their fellow delegates to effect much needed increases to the income eligibility guidelines and child care subsidy amounts of the State's Child Care Subsidy Program funded and administered by the Maryland State Department of Education.

Recommended programmatic changes that support low-income working families with the cost of child care based upon the Metropolitan Area Median Income and the average cost of child care in Montgomery County.

Re-addressing the Need – Workgroup Report Update

This WPA Workgroup Report Update issued in October 2014, re-examines the tables in relation to the cost of care and the percentage of income that eligible families spend on child care and recommends implementation of the proposed WPA policy changes and Tables, effective January 1, 2015.

This Update proposes recommendations to:

- Assist low-income parents with the cost and accessibility of quality child care in Montgomery County;
- Increase the number of providers that participate in WPA; and
- Educate parents on the importance of quality child care experiences.

The WPA Workgroup Report Update proposes revised recommendations that strengthen the child care subsidy programs and expand the access to quality child care within Montgomery County. This Update makes recommendations that address the disparity between families receiving WPA and those receiving SCCSP by expanding the program's current scope to include equally assisting parents receiving SCCSP.

Implementing the recommendations of the March 2014 Report would not have required any additional funding by the County, but would have resulted on a huge gap. We present the following set of recommendations and options to make the WPA program one that helps all eligible low income working families.

This Update makes recommendations that address the disparity between families receiving WPA and those receiving SCCSP by expanding the program's current scope to include equally assisting parents receiving SCCSP.

Recommendations

Recommendation 1: Revise the WPA Income Guidelines using current Federal indices.

- Accept the WPA Workgroup recommendation to update the current WPA Income Guidelines to 60% of the 2013 Metropolitan Area Median Income (equivalent to 331% of the 2013 Federal Poverty Level (FPL)).
- Revise the WPA Income Guidelines proposed by the WPA Workgroup by capping the program at the income level for a family of 6 (see Table 2 or Appendix A).

Table 2. Revised Income Guidelines

Household Size	Current SCCSP Max Income	Current WPA Max Income (based on 60% of 2006 AMI)	Proposed WPA Max Income (based on 60% of 2013 AMI)
2	\$24,277	\$34,500*	\$51,360
3	\$29,990	\$52,000*	\$57,780
4	\$35,702	\$58,000*	\$64,200
5	\$41,414	\$58,000*	\$69,360
6	\$47,127	\$58,000*	\$74,520**

*60% of Metropolitan Area Median Income

** Household income for families larger than 6 will not exceed \$74,520.

Recommendation 2: Revise WPA Subsidy Tables to increase the subsidy voucher amounts and lower the out of pocket expense required to access quality child care.

- Revise the proposed WPA Subsidy Tables based on the Average Cost of Child Care in Montgomery County times an applicable percentage based on the household income. The percentage will range from 70% for the lowest incomes to 45% for the highest incomes (see Appendix B).
- Accept the WPA Workgroup recommendation to update the current WPA Tables so that each child, in an eligible family needing child care, receives a voucher based on the Average Cost of Child Care in Montgomery County.

Recommendation 3: Implement the proposed WPA Income Guidelines and Subsidy Tables, effective January 1, 2015.

- Implement the proposed WPA Tables with a waiver from the Director of the Department of Health and Human Services until any necessary changes are made to COMCOR.
- Add additional funds to the WPA Program to support the **existing** caseload. The estimated additional cost to implement this option mid-year beginning January 1, 2015 is \$178,992. The estimated annual cost to implement the proposed tables in FY16 for the existing WPA caseload of 433 children is \$3,200,736, an increase over the current appropriation of \$569,856. This estimate reflects growth in the caseload since the first report.

or

The estimated additional cost to implement this option, **with program growth**, mid-year beginning January 1, 2015 is \$404,232. The estimated annual cost to implement the proposed tables in FY16 beginning with 433 WPA children and adding 5 children per month is \$3,435,390, an increase over the current appropriation of \$804,510.

Recommendation 4: Revise COMCOR.

- Accept the recommendations in the March 2014 WPA Report to modify COMCOR.
- Revise the WPA program regulations to serve children up to their 13th birthday, unless they are receiving SSI. This aligns the program participation with the State program.
- In addition to Recommendation #3, add funds to supplement SCCSP families and address the disparity. Revise the WPA program regulations to supplement low-income families on the SCCSP that meet the WPA eligibility requirements (25 participation hours, court-ordered child support, licensed care, provider participating in EXCELS, etc.) up to 70% of the average cost of child care in Montgomery County or up to the provider's rate, if less.

Each of the options below contains the cost of implementation to the full SCCSP caseload and the cost to implement just to the SCCSP caseload between birth and 5 years old. This latter option provides additional subsidy to lower income families for their children during the infant and preschool years when quality child care has a critical impact on the development of young minds and helps prepare them to be successful when they enter kindergarten. (See estimated cost in Appendix C).

Option 1: The estimated cost to supplement to SCCSP families that also meet the WPA eligibility requirements, based up to the proposed tables beginning mid-year in January 2015 is \$3,221,184. The estimated cost to implement this option for a full year is \$6,442,368. The amount could be lower due to the number of parents that will not meet the WPA eligibility work/school activities, child support and other eligibility requirements.

The estimated cost to implement this option just for children birth to five years old is \$2,001,723 if implemented mid-year beginning January 1, 2015, and \$4,003,446 for a full-year.

Supplementing the SCCSP families is a significant change in policy that assumes financial responsibility for the unmet cost of child care for Montgomery County children needing child care. However, the cost to address the disparity between the two child care subsidy programs is a worthwhile long-term investment in the future of our children. Current research indicates that this investment will likely reduce future County costs in remedial and judicial services required for children that don't have access to quality child care and early education experiences.

It is important to note that the amount of County funds that subsidize the SCCSP families would be reduced by any future increases in the State subsidy rates. For example, as of the writing of this update, MSDE has announced plans to increase their subsidy amounts by 3% beginning January 1, 2015. This would reduce our estimate to supplement birth to five years old, if implemented mid-year beginning January 1, 2015 from \$2,001,723 to approximately \$1,978,380, an estimated reduction of approximately \$23,343.

Should the supplement to equally serve low-income SCCSP families be more than the County can invest at this time, we recommend updating the WPA income guidelines and using the proposed tables as outlined in Appendix A and B and offer the following options:

Option 2: Supplement SCCSP families that meet WPA requirements with a flat amount per child. The sum of both the SCCSP payment and the WPA supplement would not exceed 70% of the cost of care or the provider's rate. Based on an average of 1,413 children paid in the SCCSP per month, a flat amount of \$150 per month would require an additional mid-year investment of \$1,271,700 and an annual investment of \$2,543,400. Program policy and procedures would not allow the amount of the two payments to exceed the actual cost of care. The cost of this option if implemented mid-year beginning January 1, 2015, for children birth to 5 years old is \$582,300 and \$1,164,600 for 647 children for a full-year.

Option 3: Supplement the payment to providers serving SCCSP families with a smaller amount than recommended above in option 2 plus provider credits for training. For example, when a provider accepts the lower State payment with the smaller County supplement, they would also receive training credits for each SCCSP child for which they are paid. The training credits would be redeemed at the Montgomery County Children's Resource Center (MCCRRC) to help providers meet training requirements. In exchange for these credits, the provider would agree not to charge the family more than the State assigned co-pay. According to State licensing regulations, providers are required to complete 12 hours of training per year. For providers involved in quality initiatives, training requirements increase up to 24 hours per year (depending on their credential level). While our stand-alone trainings average \$10/hour and offered in 3 hour increments, we do provide higher level comprehensive training to align with state quality

initiatives. These courses range between \$150 - \$350.

Option 4: Do not supplement the payment to providers serving SCCSP families. However, providers accepting SCCSP will receive training credits for each SCCSP child for which they are paid. The provider would agree to charge the family no more than the State assigned co-pay.

Option 5: Create a Flex fund for providers that serve SCCSP families and agree not to charge the family more than the State assigned co-pay. The flex funds could be managed by the MCCRRC and eligible providers could apply for grants for small equipment, supplies or curriculum.

Options 3, 4 and 5 would cost the County less to implement. However, small child care providers may not be able to remain in business based on an option to solely accept the subsidy amount and training or flex funds in lieu of charging parents the amount owed above the subsidy payment.

Recommendation 5: Increase outreach efforts to families, providers and community partners.

- Increase community outreach and community collaborations in order to reach children of low-income families that could benefit from quality child care and educational experiences.
- Increase the awareness of the importance of quality child care in Montgomery County.
- Increase the Montgomery County Children's Resource Center budget by \$35,000 to pay for professional development for providers accepting subsidy children.
- Increase the Child Care Subsidy Program operating budget by \$15,000 to develop quarterly outreach and educational materials in multiple languages.

Recommendation 6: Develop a briefing paper for the Montgomery County Delegation to the State General Assembly to address the State funded Child Care Subsidy Program administered by the Maryland State Department of Education. We recommend collaboration with Maryland Family Network on this briefing paper.

Recommendation 7: Require EXCELS participation for WPA providers.

Revise WPA Policy to mirror the SCCSP on EXCELS with the goal of providing the same message regarding the importance of quality child care. EXCELS is fully explained in the March 2014 report.

Conclusion

For the Working Parents Assistance Program to function effectively and continue to accomplish what it was created to do, Montgomery County must help the working-poor pay for child care while they move towards self-sufficiency. It is a matter of urgency for the WPA child care subsidy tables to be immediately adjusted to the current Consumer Price Index.

A willingness to support families to maintain or improve their position in the workforce and have access to quality childcare is a win/win situation. When the County supports its lower income residents to become productive and self-sufficient, it increases the likelihood of these families excelling without public assistance and contributing to their community.

The WPA workgroup is committed to the task of reviewing the subsidy programs and presenting these recommendations to support the low-income families of Montgomery County who are working or on the path to employment through the Welfare to Work program. We look forward to discussing this report with the Director of Health and Human Services, the County Executive and the County Council.

APPENDIX A - Proposed Income Guidelines

Family Size	A 70%		B 65%		C 60%		D 55%	
2	\$24,278	\$28,792	\$28,793	\$33,305	\$33,306	\$37,820	\$37,821	\$42,335
3	\$29,991	\$34,623	\$34,624	\$39,254	\$39,255	\$43,887	\$43,888	\$48,519
4	\$35,703	\$40,453	\$40,454	\$45,202	\$45,203	\$49,953	\$49,954	\$54,703
5	\$41,415	\$46,073	\$46,074	\$50,730	\$50,731	\$55,389	\$55,390	\$60,047
6	\$47,128	\$51,694	\$51,695	\$56,259	\$56,260	\$60,825	\$60,826	\$65,391

Family Size	E 50%		F 45%		G - Phase Out
2	\$42,336	\$46,848	\$46,849	\$51,360	\$51,361
3	\$48,520	\$53,150	\$53,151	\$57,780	\$57,781
4	\$54,704	\$59,452	\$49,453	\$64,200	\$64,201
5	\$60,048	\$64,704	\$64,705	\$69,360	\$69,361
6	\$65,392	\$69,956	\$69,957	\$74,520	\$74,521

APPENDIX B - Proposed Subsidy Guidelines

70% - ACC					55% - ACC				
	Avg. Monthly Center Fee	WPA \$1,022	Monthly LFCCH/ FCC Fee	WPA		Avg. Monthly Center Fee	WPA	Monthly LFCCH/ FCC Fee	WPA
A Infant 0-2	\$1,460		\$1,037	\$726	Infant 0-2	\$1,460	\$883	\$1,037	\$570
Toddler 2-5	\$1,098	\$769	\$885	\$620	Toddler 2-5	\$1,098	\$684	\$885	\$487
School-age 5-up	\$967	\$677	\$790	\$553	School-age 5-up	\$967	\$532	\$790	\$435
BAP	\$640	\$448	\$581	\$407	BAP	\$640	\$362	\$581	\$320
BAS	\$587	\$411	\$544	\$381	D BAS	\$587	\$323	\$544	\$289
65% - ACC					50% - ACC				
	Avg. Monthly Center Fee	WPA	Monthly LFCCH/ FCC Fee	WPA		Avg. Monthly Center Fee	WPA	Monthly LFCCH/ FCC Fee	WPA
B Infant 0-2	\$1,460	\$948	\$1,037	\$874	Infant 0-2	\$1,460	\$730	\$1,037	\$519
Toddler 2-5	\$1,098	\$714	\$885	\$575	Toddler 2-5	\$1,098	\$549	\$885	\$443
School-age 5-up	\$967	\$629	\$790	\$514	School-age 5-up	\$967	\$484	\$790	\$395
BAP	\$640	\$416	\$581	\$378	E BAP	\$640	\$320	\$581	\$291
BAS	\$587	\$382	\$544	\$354	BAS	\$587	\$294	\$544	\$272
60% - ACC					45% - ACC				
	Avg. Monthly Center Fee	WPA	Monthly LFCCH/ FCC Fee	WPA		Avg. Monthly Center Fee	WPA	Monthly LFCCH/ FCC Fee	WPA
C Infant 0-2	\$1,460	\$876	\$1,037	\$622	Infant 0-2	\$1,460	\$667	\$1,037	\$467
Toddler 2-5	\$1,098	\$659	\$885	\$531	Toddler 2-5	\$1,098	\$504	\$885	\$388
School-age 5-up	\$967	\$580	\$790	\$474	School-age 5-up	\$967	\$435	\$790	\$356
BAP	\$640	\$384	\$581	\$349	BAP	\$640	\$288	\$581	\$261
BAS	\$587	\$352	\$544	\$326	F BAS	\$587	\$242	\$544	\$245

LFCCH (Large Family Child Care Homes)
FCC (Family Child Care)

Appendix C - Cost to Implement Increases in WPA and SCCSP

FY15 Approved WPA Subsidy Budget: \$2,656,604

Additions Needed to the FY15 Approved Budget to Implement Recommendations

Recommendation #3 WPA

Options	FY15 Mid Year Additional Costs	FY 16 Full Year Additional Costs
Option 1: No increase in enrollment, maintain capacity at 433 children	\$178,992	\$569,856
Option 2: Increasing enrollment by 5 children per month	\$404,232	\$804,510

Recommendation #4 Supplement SCCSP

Options	Cost for all children for Mid Year	Cost for all children for Full Year	Cost for children 0 to 5 for Mid Year	Cost for children 0 to 5 for Full Year
Option 1 Supplement	\$3,221,184	\$6,442,368	\$2,001,723	\$4,003,446
Option 2: Flat Rate of \$150	\$1,271,700	\$2,543,400	\$582,300	\$1,164,600

APPENDIX D - 2014 Workgroup Members

[Redacted]



Montgomery County Department of Health and Human Services
Children Youth and Family Services

Working Parents Assistance Program Workgroup

2014 Report

Preface

The 2014 Working Parents Assistance (WPA) Program Workgroup is comprised of Department of Health and Human Services staff and a cross-section of community partners that advocate on behalf of low-income families. Their common focus is to ensure that all Montgomery County children have equal access to quality child care and early educational experiences. The 2014 WPA Workgroup convened to determine actions needed to reduce out-of-pocket child care expenses paid by low income families in Montgomery County and to increase the number of low-income families served by the WPA Program. The goals of the 2014 WPA Workgroup are as follows:

Look Back	Move Forward
<ul style="list-style-type: none">➤ Review the recommendations of the 2008 WPA Workgroup.➤ Review noted programmatic barriers and/or recommendations identified by WPA case managers.➤ Recommend changes to COMCOR regulations to reflect current employment and WPA programmatic trends.	<ul style="list-style-type: none">➤ Identify and make programmatic changes to assist WPA applicants with the high cost of child care in Montgomery County.➤ Identify and make programmatic changes that facilitate the eligibility determination process.➤ Identify and make programmatic changes that (1) increase WPA income eligibility levels, (2) serve a greater number of low-income families within Montgomery County, and (3) cover a greater portion of the out-of-pocket child care cost.

Acknowledgements

The Working Parents Assistance Program would not be possible without the concern and support of the County Executive and the County Council. The 2014 WPA Workgroup convened in response to Resolution Number 17-934 from the County Council for Montgomery County, Maryland (Appendix A). The 2014 WPA Workgroup Report has been prepared collaboratively by the workgroup participants using data collected by the Montgomery County Child Care Subsidy case managers. Comments from the 2008 WPA Workgroup and the 2009 Stakeholders Meeting were reviewed prior to developing the recommendations within this report. The 2014 WPA Workgroup has made every attempt to ensure the accuracy of the information presented in this report.

Executive Summary

Montgomery County is committed to the WPA Program because the County understands:

- Access to quality child care is one of the greatest barriers toward self-sufficiency for families;
- Quality child care is one of the two highest expenses for all families;
- Early care for children is the greatest investment toward school readiness and the advancement of a community;
- An at-risk child, by virtue of their circumstances, is statistically more likely than others to fail academically, unless their learning environment is supplemented with quality early care; and
- Parents are more productive at work, or in school, if they have consistent, safe and quality child care.

The purpose for the 2014 WPA Workgroup Report is to establish the best eligibility processes possible to help low-income Montgomery County families with the cost of licensed child care while achieving self-sufficiency and allowing children from low-income families to have equal access to quality child care. The Report:

- Examines current WPA eligibility practices, and how current program policies assist low-income families with the cost of child care in Montgomery County;
- Provides the average cost of child care in Montgomery County and provides a sample of how much eligible families on the WPA Program pay out-of-pocket for child care per child;
- Makes recommendations for programmatic changes that realistically support low-income families with the cost of child care based upon the Metropolitan Area Median Income¹ and the cost to reside and pay for child care in Montgomery County;
- Recommends changing the WPA tables to reduce out-of-pocket child care expenses, to reduce self-sufficiency barriers, and to allow children from low-income families equal access to early care and quality child care experiences;
- Provides the methodology for the development of the proposed WPA tables;
- Proposes implementing the proposed tables by April 2014; and
- Takes a look at future WPA program considerations.

Appendices B & C provide the proposed WPA tables that help to bridge the financial gap between the amount paid by the subsidy program and the amount still owed by the parents.

The 2014 WPA Workgroup Report concludes with a recommendation to implement the proposed WPA Tables effective April 2014, prior to finalizing the changes in COMCOR.

¹ The Metropolitan Area Median Income is the middle point in the income range for a family for a metropolitan area. It can also be applied to non-metro parts of a state. The term is used to classify incomes into moderate, upper, and low ranges. Area median income is also used to determine if a person is eligible for federally funded programs, as well as locally funded programs. 60% of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Area is equal to 331% of the Federal Poverty Level.

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Introduction

The cost of housing and the cost of quality child care are the two greatest obstacles for low-income families in Montgomery County. Since 2006, the income guidelines for the WPA have not changed, yet the cost to live in Montgomery County continues to grow. The Montgomery County Child Care Subsidy Program notes cases where parents have been issued child care subsidy vouchers, but still cannot afford the cost of child care because the voucher amounts were too low.

The 2014 WPA Workgroup examined program trends over the past 7 years and recommends the following to better assist low-income families in Montgomery County:

1. Serve more low-income families by revising the WPA Income Guidelines to 60% of the current Metro Area Median Income; and
2. Increase access to quality child care by increasing the monthly voucher amounts based on the average cost of child care in Montgomery County.

Working Parents Assistance Program (WPA)

The WPA Program was established in 1986 with the goal of assisting low-income parents with the high cost of child care as the applicant moves toward self-sufficiency as a result of working and/or attending school.

Once a child care subsidy application is received, the first point of eligibility is to determine whether or not the applicant's gross family income is within the established income guidelines for the State Child Care Subsidy Program (SCCSP). Table 1 provides the SCCSP gross family income guidelines.

Table 1. Current State Child Care Subsidy Program Income Guidelines

Household Size	SCCSP Max Income
2	\$24,277
3	\$29,990
4	\$35,702
5	\$41,414
6	\$47,127
7	\$48,198
8	\$49,269
9	\$50,340
10	\$51,411

Once it is determined that an applicant earns more than the maximum income for the SCCSP, case managers determine if the applicant's income is within the income guidelines for the WPA program. Table 2 provides the WPA Program maximum income guidelines.

Table 2. Current WPA Program Income Guidelines

Household Size	WPA Max Income*
2	\$34,500
3	\$52,000
4	\$58,000
5	\$58,000
6	\$58,000
7	\$58,000
8	\$58,000
9	\$58,000
10	\$58,000

* Families may be eligible for the WPA Program up to the maximum income limits depending on the number of children in care, type of child care needed and the family composition.

Once the case manager determines that the applicant meets the income guidelines for the WPA Program, the applicant must meet all additional points of eligibility as outlined in Table 3.

Table 3. WPA Eligibility Overview

<p>The WPA Program helps limited-income families pay for child care while parents are in an approved activity. The applicant must:</p> <ul style="list-style-type: none"> ➤ Reside in Montgomery County; ➤ Submit a completed application to the Montgomery County Child Care Subsidy Programs; ➤ Meet eligibility income requirements; ➤ Work, attend undergraduate school or vocational school full-time, or a combination of both work and school 30* hours per week; 	<ul style="list-style-type: none"> ➤ Use the WPA Vouchers at a licensed child care center or licensed large/family child care provider; ➤ Promptly pay any difference to the provider if the provider charges more than the amount of subsidy on the voucher; ➤ Actively pursue child support through the court system if there is an absent parent; and ➤ Have a child(ren) that lives with the applicant (up to 14 years of age or up to 19, if disabled).
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

*The 2014 WPA Workgroup recommends reducing the minimum participation hours to 25 hours per week based upon the current employment trends.

**Montgomery County
Department of Health and Human Services**

The maximum gross income for the same family size can vary in the WPA Program based on (1) the family composition, (2) the ages of children enrolled, and (3) the number of children enrolled. This concept is confusing to parents, however; we have attempted to explain it below. The following table shows how several different families of three, with the same gross income, will get different subsidy amounts based on each of the factors listed above. We chose an annual income that is at the top of the scale for a family of three according to the current WPA tables.

Family Size of 3	Gross Income Of Family	Based on current WPA Subsidy Tables, the family's monthly voucher approaches \$0 at different income thresholds
1 parent, 2 children, 2 children in care	\$52,000	With both children in care, the gross income of \$52,000 is allowable and the parent will receive a voucher amount of \$28.00 .
1 parent, 2 children, 1 infant in care	\$52,000	With two children and only the infant enrolled, the gross income cannot exceed \$40,000 to get a voucher amount of \$17.00
1 parent, 2 children, 1 toddler in care	\$52,000	With two children and the parent only choosing to enroll the 3 year old, the gross monthly income cannot exceed \$37,000 in order for the parent to receive a monthly voucher amount of \$16.00 .
2 parents, 1 child, 2 child in care	\$52,000	With two parents and enrolling a 3 year old, the gross family income cannot exceed \$34,000 in order for the family to receive a monthly voucher amount of \$12.00 .

Cost of Child Care in Maryland

In order to identify and make programmatic changes to assist WPA applicants with the high cost of child care, the 2014 WPA Workgroup examined variables unique to Montgomery County that impact the amount applicants have available for the cost of child care. The Workgroup determined that in Maryland, the amount needed to be economically self-sufficient varies considerably by the following:

- Geographic location or county; and
- Family composition; how many adults and children are in a family and the age of each child.

For instance, the self-sufficiency threshold for one adult, one preschooler, and one school-age child varies from \$14.34 per hour (\$30,291 annually) in Garrett County to **\$36.90 per hour (\$77,933 annually) in Montgomery County**. This range is 163% of the Federal Poverty Level to 421% of the Federal Poverty Level, according to Diana M. Pearce, Ph.D., Director, Center for Women's Welfare, University of Maryland School of Social Work in February 2012.

Average Cost of Child Care in Montgomery County

**Montgomery County
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Table 4, Average Cost of Child Care in Montgomery County, documents the average cost of child care in the County based on care type and care level. This data is provided by the “Child Care Demographics 2013: Montgomery County Report,” produced by the Maryland Family Network at the request of the Maryland State Department of Education (MSDE). For example, the average cost of child care in Montgomery County for a family with two children under the age of 2 enrolled in a child care center is, at minimum, \$2,920.90 per month (\$35,050.80 per year).

Table 4. Average Cost of Child Care in Montgomery County

Average Monthly/Annual Cost of Care	Type	0-2 Years	2-5 Years	School age	BAP	BAS
Licensed Centers						
Avg. Weekly	CENTER	\$336.96	\$253.37	\$223.21	\$147.67	\$135.40
Avg. Monthly Cost	CENTER	\$1,460.05	\$1,097.85	\$967.17	\$639.85	\$586.68
Avg. Annual Cost	CENTER	\$17,521	\$13,174	\$11,606	\$7,678	\$7,040
Family Child Care Homes						
Avg. Weekly	FAMILY	\$239.32	\$204.29	\$182.38	\$134.07	\$125.65
Avg. Monthly Cost	FAMILY	\$1,036.97	\$885.19	\$790.25	\$580.93	\$544.44
Avg. Annual Cost	FAMILY	\$12,444	\$10,622	\$9,483	\$6,971	\$6,533

BAP = Before & After Pre-School;
 BAS = Before & After School for School-agers;
 Annual rate equals (weekly rate X 4.333 X12)

Out of Pocket Child Care Cost

Table 5, “Out-of-Pocket Child Care Expense,” looks at the average amount an applicant will pay annually for child care. The table takes into consideration the gross family income, family composition, number of children enrolled in child care, the age of the child(ren), the average cost of child care in Montgomery County, and the amount of the authorized child care subsidy.

Based on the family compositions illustrated below in Table 5, the average out-of-pocket child care expenses for a family of 3 with a gross annual income of \$28,000 is:

- 47% of the gross family income on the State Child Care Subsidy Program,
- 67% of the gross family income on the current WPA Program, and
- 33% of the gross annual income for a family on the WPA program using the proposed tables.

**Montgomery County
Department of Health and Human Services**

The proposed table provides a better opportunity for the low-income family in this scenario to pay for housing and other basic needs.

Table 5. Out-of- Pocket Child Care Expense

Family Composition: 1 parent, 1 month old, 3 year old, both enrolled in child care					
Program	Monthly Center Voucher Amount Child 1	Monthly Center Voucher Amount Child 2	Total Voucher Amount	Annual Out of Pocket Cost of Care	What % a family will pay of their Gross Annual Income <u>after</u> subsidy assistance
State Child Care Subsidy Program	\$691.16	\$769.54	\$1460.70	\$13,165.80	47%
Working Parents Assistance Program	\$429	\$678	\$1,107	\$17,410.20	62%
Based on proposed WPA Income and Subsidy Tables					
Working Parents Assistance Program	\$1,022	\$769	\$1,791	\$9,202.80	33%

The tables recommended by this workgroup will make child care more affordable to low income working families in Montgomery County. The workgroup recognizes that the proposed changes to the WPA Program will increase the disparity between the SCCSP and WPA voucher amounts.

Recommendations

Recommendation 1: Revise the WPA Income Guidelines using current Federal indices.

- Revise current WPA Income Guidelines to 60% of the 2013 Metropolitan Area Median Income (equivalent to 331% of the 2013 Federal Poverty Level (FPL)).
- Revise the current WPA tables where the gross maximum income per family does not vary.
- The proposed WPA Income Guidelines compared to the State Program and the current WPA income guidelines are shown below:

Household Size	Current SCC SP Max Income	Current WPA Max Income (based on 60% of 2006 AMI)	Proposed WPA Max Income** (based on 60% of 2013 AMI)
2	\$24,277	\$34,500*	\$51,360
3	\$29,990	\$52,000*	\$57,780
4	\$35,702	\$58,000*	\$64,200
5	\$41,414	\$58,000*	\$69,360
6	\$47,127	\$58,000*	\$74,520
7	\$48,198	\$58,000*	\$79,620
8	\$49,269	\$58,000*	\$84,780

*60% of Metropolitan Area Median Income

** Household income for larger families will not exceed *\$84,780

**Montgomery County
Department of Health and Human Services**

Recommendation 2: Revise WPA Subsidy Tables to increase the subsidy voucher amounts and lower the out of pocket expense required to access quality child care.

- Revise the current WPA Subsidy Tables based on the Average Cost of Child Care in Montgomery County times an applicable percentage based on the household income.
- Revise the current WPA Tables so that each child, in an eligible family needing child care, receives a voucher based on the Average Cost of Child Care in Montgomery County.

Recommendation 3: Implement the proposed WPA Income Guidelines and Subsidy Tables, immediately.

- Implement the proposed WPA Tables effective April 1, 2014 with a waiver from the Director until any necessary changes are made to COMCOR.

Recommendation 4: Revise COMCOR.

- Codify waivers in effect since 2007 into COMCOR; streamline the eligibility process to make it more transparent to the public by placing long-term waivers into COMCOR such as:
 - Increasing the income disregard for relative caretakers from \$10,000 to \$30,000 per child.
 - Allowing 30-day authorization of a voucher paid to an informal provider if the customer is transitioning from POC to WPA, has been using an informal provider, and needs additional time to locate licensed child care.
 - Allowing phase-in, phase-down and phase-out process in voucher calculation to ease transition from one subsidy level to another.
- Change current minimum participation hours from 30 hours per week to 25 hours per week. 40% of low-income families being denied child care subsidies are working between 25-29 hours per week.

Recommendation 5: Increase outreach efforts.

- Increase community outreach and community collaborations in order to reach children of low-income families that could benefit from quality early childhood care and educational experiences.

**Montgomery County
Department of Health and Human Services**

Recommendation 6: Develop a briefing paper for the Montgomery County Delegation to the General Assembly to advocate at the State level for increases to the State Child Care Subsidy Program income guidelines and voucher amounts.

The 2014 Workgroup convened to review and update the WPA program to help low income working families in Montgomery County. Our recommendations to increase the income levels and the subsidy amounts in the Montgomery County WPA Program create a significant disparity between the subsidy of families in WPA and lower income families that receive a subsidy from the State Child Care Subsidy program.

The State income and subsidy tables have not been updated in recent years (See Table 2, Page 6). Without State action, the proposed WPA tables will create a gap between families served by the SCCSP (see Table 9, Page 9). The 2014 Workgroup recommends a briefing paper that:

- Examines the “reverse cliff” effect when a family moves from SCCSP to WPA as a result of earning more income and the subsidy amount increases.
- Examines and recommends revision of the SCCSP Income Tables and voucher amounts.
- Examines and recommends ways for the County to help low income working families receiving SCCSP.

The workgroup considered whether the County should supplement the families currently receiving subsidies from the SCCSP, but recognize that this is not only a budgetary discussion, but more importantly, a policy and political discussion. This is a troubling trend, but we have decided to move forward with our recommendations knowing that there is a larger discussion to be had.

Future Considerations

Effective 2015, the Maryland State Department of Education (MSDE) will mandate participation in the Maryland EXCELS program by any child care providers receiving state child care subsidies. The Maryland EXCELS program has the potential to have a significant impact on the delivery of child care services in the County. While not part of the Workgroup charge, the County should be aware of the relationship between the Maryland EXCELS program and the WPA Program:

“Maryland EXCELS is a new quality rating system designed to meet the needs of families and to recognize quality in early childhood and school-age care and education programs. The quality rating system helps Maryland achieve the following goals:

1. Recognize early childhood and school-age child care programs of all kinds that provide high-quality care and education;
2. Encourage programs to increase the level of quality they provide and to define a pathway to help them achieve excellence; and
3. Provide families with information and choices about high-quality early childhood and school-age child care options.

**Montgomery County
Department of Health and Human Services**

This new requirement is part of MSDE's emphasis on high-quality in child care and early education. "Children who do well in school typically do well in life. Children who are prepared when they start school are more likely to do well throughout their school careers. High-quality child care helps children gain essential skills they need to be successful learners such as: social, emotional and communication skills; pre-literacy and basic mathematical skills and concepts; and an awareness of their environment and the roles of the people in it."

http://marylandpublicschools.org/MSDE/division/child_care/mdexcels.htm)

- Should the Montgomery County WPA Program require participation in EXCELS in order to receive WPA payment; and
- How will the mandatory implementation of the Maryland EXCELS program for all child care providers receiving SCCSP payments impact the availability of, as well as the access to, quality child care in the state of Maryland and, in particular, Montgomery County.

These questions should be reviewed in the future after full implementation of Maryland EXCELS and an evaluation of its impact on the availability of quality child care.

Conclusions

Immediate implementation of the proposed income and subsidy tables, effective April 1, 2014, accomplishes the following:

- Allows low-income families on the WPA Program to afford the cost of quality child care in Montgomery County;
- Allows a greater number of low-income families in Montgomery County to achieve self-sufficiency by reducing the out-of-pocket costs associated with quality child care; and
- Allows more Montgomery County children the opportunity to start school ready to learn as a result of accessing early childhood care and educational experiences.

The 2014 WPA Workgroup believes that improving the income and subsidy tables, updating the program regulations and increasing targeted outreach to low-income working families is an investment to make our children the best future citizens and leaders of Montgomery County.

APPENDIX A - RESOLUTION NUMBER 17-934

Resolution No.: 17-934
Introduced: November 5, 2013
Adopted: November 12, 2013

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Councilmember Ervin, Council President Navarro, Councilmembers Leventhal and Floreen,
Council Vice President Rice, and Councilmembers Elrich, Riemer, and Berliner

SUBJECT: Resolution requesting the establishment of a Working Parents Assistance Work
Group

Background

1. The State Child Care Subsidy Program (SCCSP) and County Working Parents Assistance (WPA) programs are the two child care subsidy programs that serve Montgomery County residents. The WPA program was established in 1986 to assist with the high cost of child care as families move toward self-sufficiency and to assist low-income working families who are over income limits for the SCCSP, formerly, the POC program.
2. These child care subsidy programs help working parents' access quality child care which increases education and social opportunities critical to school readiness; improves the socio-economic status of families through stable employment and increased earnings; and expands the tax-base, thus benefitting the whole community.
3. Limited funding and income eligibility limits have impeded access to the State and County child care subsidy programs. The State instituted a wait list for the SCCSP in January 2003, which lasted into 2005, and again on February 28, 2011. Implementation of the SCCSP wait list resulted in greater demand for the County's WPA program and the institution of a WPA wait list in October 2003 into 2005, and then again from July 2011-May 2012. Increased funding approved by the Council in FY13 and FY14 resulted in the WPA wait list being lifted from May 2012-April 2013. The State was able to partially lift the wait list for SCCSP in November 2012. The WPA program will begin placement from the WPA wait list in November 2013 and will continue to place from the wait list based upon funding availability.
4. Limited funding and income eligibility limits have impacted family access to the State and County child care subsidy programs. Fiscal constraints during difficult budget times have resulted in waiting lists for services at different points in time.

MONTGOMERY COUNTY

Department of Health and Human Services

The Department of Health and Human Services implements the County's Working Parents Assistance program pursuant to its general authority to "plan, deliver, and administer programs" under Chapter 2 Section 2-42A of the Montgomery County Code. Requirements governing implementation of the WPA program can be found in the Code of Montgomery County Regulations at COMCOR 02.42A.06.

6. Families participating in child care subsidy programs may be required to pay substantial costs for licensed child care. Increasing child care costs and the differences between the cost of care and available subsidy amounts significantly impact what families must contribute. These considerations can deter participation in child care subsidy programs like WPA and the use of licensed child care services.
7. The eligibility and subsidy calculation process for the WPA program entails a complicated assessment of multiple factors. The tables governing the program currently take up two large volume books and require substantial time and resources to update. Simplifying the eligibility and subsidy calculation process consistent with other subsidy programs may allow a more efficient use of resources and will further assist with the high cost of child care as parents move toward self-sufficiency.

Action

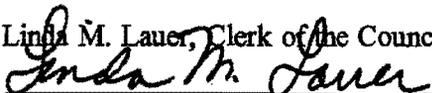
The County Council for Montgomery County, Maryland approves the following resolution:

The Council requests that the County Executive convene a workgroup for the purposes of reviewing the Working Parents Assistance program including, but not limited to, (1) the criteria for determining eligibility; (2) provider participation requirements; (3) the process for determining subsidy awards including the possibility of a minimum subsidy floor for participants; and (4) the possibility of updating the regulations governing WPA implementation in COMCOR. The workgroup should include representatives of the Department of Health and Human Services, the Commission on Child Care, the local child care provider community, and other key stakeholders.

The Council requests that a final report describing any recommended changes to the program and its governing regulations be transmitted to the Council by February 28, 2014.

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council



MONTGOMERY COUNTY

Department of Health and Human Services

APPENDIX B - WPA Proposed Income Tables

Family Size	A		B		C*	
	From	To	From	To	From	To
2	\$0	\$33,305	\$33,306	\$42,334	\$42,335	\$51,360
3	\$0	\$39,254	\$39,255	\$48,518	\$48,519	\$57,780
4	\$0	\$45,202	\$45,203	\$54,702	\$54,703	\$64,200
5	\$0	\$50,730	\$50,731	\$60,046	\$60,047	\$69,360
6	\$0	\$56,259	\$56,260	\$65,390	\$65,391	\$74,520
7	\$0	\$58,673	\$58,674	\$69,147	\$69,148	\$79,620
8**	\$0	\$61,107	\$61,108	\$72,944	\$72,945	\$84,780

Upon initial application, income cannot exceed column C (331% of the Federal Poverty Level or 60% of Area Median Income).

*Continuing applicants with incomes that have increased beyond Column C are phased out over three months and are determined ineligible after 3 months.

**Families larger than 8 members are capped at this income.

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APPENDIX C - Proposed WPA Monthly Subsidy Amounts

70%	CARE LEVEL	Center	Licensed Family Home
	A	Infant 0-2	\$1,022
Toddler 2-5		\$769	\$620
School-age 5-up		\$677	\$553
BAP		\$448	\$407
BAS		\$411	\$381

40%	CARE LEVEL	Center	Licensed Family Home
	Phase out Month 1*	Infant 0-2	\$584
Toddler 2-5		\$440	\$354
School-age 5-up		\$387	\$316
BAP		\$256	\$233
BAS		\$235	\$218

60%	CARE LEVEL	Center	Licensed Family Home
	B	Infant 0-2	\$876
Toddler 2-5		\$659	\$531
School-age 5-up		\$581	\$474
BAP		\$384	\$349
BAS		\$352	\$327

30%	CARE LEVEL	Center	Licensed Family Home
	Phase out Month 2*	Infant 0-2	\$438
Toddler 2-5		\$329	\$266
School-age 5-up		\$290	237
BAP		\$192	\$175
BAS		\$176	\$164

50%	CARE LEVEL	Center	Licensed Family Home
	C	Infant 0-2	\$730
Toddler 2-5		\$549	\$443
School-age 5-up		\$484	\$395
BAP		\$320	\$291
BAS		\$294	\$272

20%	CARE LEVEL	Center	Licensed Family Home
	Phase out Month 3*	Infant 0-2	\$292
Toddler 2-5		\$220	177
School-age 5-up		\$193	\$158
BAP		\$128	\$116
BAS		\$117	\$109

Placement on the above voucher table is determined by the gross family income and family composition on Appendix B. Voucher amount is based on the percentage of the "Average Cost of Care in Montgomery County for the specific type of care, the unit of care needed, per eligible child. The maximum voucher amount issued by the WPA Program is 70% of the Average Cost of Care in Montgomery County or lower.

*Phase Out is a transition process to help prepare the parent with assuming the full-cost of child care. Once the income reaches or exceeds 60% of the Metro Median Area Income, the parent is issued three vouchers in decreasing amounts (Phase Out) and then is determined ineligible.

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APPENDIX D - Outreach & Community Collaborations

Outreach

- Increased program awareness
- Increased use of social media and technology (emailing, texting)
- Continued documentation of program trends
- Utilization of Geo mapping
- Advertisement on public transportation
- Increased advertisement in public facilities
- Use of a Quick Response Code (a cell phone readable bar code that can store website URL's, plain text, phone numbers, email addresses and any other alphanumeric data)
- During outreach activities, use business card size advertisement for the WPA program instead of 8 ½ x 11

Community Collaboration

- Increased collaboration with child care providers
- Increased community service provider collaborations
- Increased collaborations with other County programs
- Increased contact with religious and medical organizations

MONTGOMERY COUNTY

Department of Health and Human Services

APPENDIX E - 2014 Workgroup Members

Work Group Conveners

- JoAnn Barnes, Acting Chief, Children, Youth and Family Services, DHHS
- Felicia Turner, Administrator, Office of Eligibility and Support Services, CYF, DHHS

Community Partners

- Tekele Ghonda Gah, Community Action Agency
- Linda Owen, Organization of Child Care Directors of Montgomery County
- Hanna Patyk, Family Child Care Association of Montgomery County
- Claudia Simmons, Montgomery County Public Schools, Head Start Coordinator
- Tamieka Thomasson, Montgomery County Commission on Child Care
- Shakeemah White, Montgomery County Commission on Child Care

Department of Health and Human Services Staff

- Jennifer Arnaiz, Executive Director, Montgomery County Child Care Resource & Referral Center
- JoAnne Becka, Program Manager, Office of Eligibility and Support Services
- Tania Butler, Child Care Welfare Services
- Patsy Evans, Community Action Agency, Head Start
- René D. Williams, Program Manager, Child Care Subsidy Programs

Other Contributors

- Montgomery County Child Care Subsidy Staff

Question 1: Table 1 on page 4 of the report references 2009 Voucher Tables. Please explain how these tables were developed and for what purposes.

The 2009 WPA subsidy tables were created using the same model as the 2006 tables. According to the WPA regulations, the tables should be updated as long as funds are available in the budget. Once the work was done by a CPA firm, it was determined that the budget situation did not allow the tables to be implemented so they were held. The logic behind the tables did not change, but they were updated to reflect the 2009 CPI index and the average cost of care in Montgomery County at that time.

Question 2: Please provide the rationale for capping max income level for a family of 6.

The current WPA program caps maximum income at a family size of 5. Capping the proposed tables at a maximum income level of 6 was based on the following rationale:

1. It will allow the WPA Program to become fully utilized by increasing the program eligibility requirements more closely to the 2013 Cost of Living and the 2013 Average Cost of Child Care in Montgomery County. This will also make child care accessible and more affordable to parents not currently using WPA Vouchers by increasing the subsidy amount and reducing the amount parents must pay out-of-pocket for child care.
2. It will allow for program growth based upon a limited operating budget.

Question 3: Recommendation 2, states the percentage subsidy will range from 70% for the lowest incomes to 45% for highest. What is the current percentage range in subsidy?

The current WPA Voucher Tables are not established based on the family paying a percentage range in subsidy. Parents currently eligible for the WPA Program receive a monthly subsidy based on 90% of calculated need, which is determined by gross family income, family composition, the number of children enrolled in child care and the type of care.

The Proposed WPA Voucher Tables simplify the calculations by using 60% of the Metro Median Area Income and 70% of the Average Cost of Child Care in Montgomery County to determine the voucher amount.

Question 4: Recommendation 3 advocates for implementing the proposed WPA guidelines and subsidy tables effective January 1 2015. Has the Executive indicated an interest in or has the Department taken any steps toward implementing the recommended guidelines and subsidy tables in FY15?

The Department believes that implementing the proposed WPA Voucher Tables and Income Guidelines would support the Executive's Work Initiative by allowing more low-income families to sustain employment and contribute to Montgomery County's economy and workforce and will

ultimately contribute toward less generational-dependency upon income support programs and remedial services.

The Department has taken the following steps toward implementing the recommended guidelines and subsidy tables in FY15:

1. Revised WPA regulations pertaining to participation hours
2. Conducted a cost analysis to determine at what point the Proposed WPA Voucher Tables could be implemented in FY15.
3. Added additional items to the current waivers.

Question 5: What would it cost to implement just to the existing WPA caseload for ages birth and 5 years old. What would it cost to add five additional children ages birth through five per month?

FY15 WPA Projection based on the June data and New Table II - Effective March 2015

FY15 Remaining Balance as of 12/31/14

\$1,610,871

Question 5	FY15 Remaining Balance as of 12/31/14	Projected Cost for Remaining 7 Service Months	Projected Deficit as of 06/30/15
* 0 child increase for ages birth thru 5 years old	\$1,610,871	\$1,796,846	(\$185,975)
* 5 child increase per month for all ages for December thru February 2015 and	\$1,610,871	\$1,855,865	(\$244,994)
* 5 child increase per month for ages birth thru 5 years old effective March 2015			

Question 6: What is the status of State plans to increase SCCSP amounts by 3% on January 1, 2015?

The State plan to increase payment to providers receiving State Child Care Subsidy Payment did go into effect on January 1, 2015. However, the amount of increase was not 3% as previous reported by the State, but 2.5%.

Question 6a: Did reductions recommended by the Board of Public Works for the current fiscal year impact these plans?

No. The Department had already received notification from the State of the new rates.

Question 6b: What is the status of the SCCSP program in FY15?

The income eligibility table for the (SCCSP) is divided into 10 income brackets. Presently, the SCCSP is serving parents within the 8 lowest income brackets and has frozen the 2 highest income brackets. The anticipation is that the two income brackets in frozen status will remain frozen throughout FY15, thus, allowing the SCCSP to pay the 2.5% provider increase that went into effect on 1.1.2015.

Question 6c: Is there any indication that the State will need to institute a wait list in FY15 or FY16?

The SCCSP currently has 2 of the 10 income brackets in frozen status (wait list status). The income brackets presently in frozen status will remain frozen throughout FY15. As of January 29, 2015, the Department has not received any indication as to whether or not the frozen status will remain throughout FY16. Likewise, the Department has not received any indication as to whether or not the State will impose a frozen status on the additional income brackets during FY15 or FY16.

Question 7: What would the impact of Option 3 and Option 4 be on the staffing and operating budget of the MCCRRC -\$35,000? How many individuals and trainings (courses and/or training days) would this amount provide?

Option 3 & 4:

The \$35,000 would be used much like a scholarship fund, allowing providers to exchange credits/vouchers for training courses offered at MCCRRC. All classes average \$10/hour so each credit would translate into \$10. Based on the recommended funding it would translate to 3,500 total professional development hours providers could tap into. In an effort to increase the quality of programming, each provider would have access to 24 hours in a year. If each provider were to receive 2 credits a month for each child receiving subsidy, the county could support 145 providers for a full year (estimating each provider only has 1 child receiving subsidy over a year's time).

$$2 \text{ credits} \times 12 \text{ months} = \$240$$

$$\$240 / \$35,000 = 145 \text{ providers}$$

Adding this additional scholarship would be absorbed by staff that currently oversee other quality enhancement scholarship and would not be a burden.

Question 8: How many hours a week does a recipient of SCCSP need to work?

The State Child Care Subsidy Program (SCCSP) does not have a minimum number of hours in which a recipient must work per week. If the recipient meets all of the eligibility requirements and the parent works 1 hour per week, the parent is eligible for child care assistance.

Question 8a: What is the rationale for changing the minimum work requirement from 30 hours to 25 hours?

The rationale for changing the minimum work requirements from 30 hours to 25 hours per week is based upon the WPA Program having to pay the same voucher amount based upon the child care center's definition of full-time (20 hours per week), based upon new employment trends that have reduced employee work weeks from 40 hours per week to 25-29 hours per week, and the need to help low-income families maintain current levels of self-sufficiency while meeting basic living expenses and the cost and of child care on less income.

Question 8b: Does the change in minimum work hours further the goals of the program to encourage family self-sufficiency?

Yes. The change in minimum work hours from 30 hours to 25 hours per week furthers the program goal of encouraging family self-sufficiency by adapting to the current economic employment trend low-income families face and by allowing children to remain or to be placed in consistent, quality, early education environments while their parents participate in activities that maintain or lead to greater self-sufficiency.

Question 9: Monthly trend report information for SCCSP (formerly POC) when requested by Council typically does not include the most recent 6 months of data. Council staff understands that information is not reported because of a lag in time from when the Council has access to this State data. It would be helpful to have the following program data for SCCSP for FY13, FY14 and FY15 to date: # of children served (paid), # of children enrolled, average monthly subsidy, # of applications received, # of application approved. What were the major reasons for application denial?

The major reason for application denial on the SCCSP is failure to return documentation.

Average Monthly for FY	FY15 YTD *	FY14	FY13
Subsidy per Child	460	429	434
# Applications Received	249	272	282
# Applications Approved	136	155	166

* FY15 YTD is the first 3 months of actuals as presented on the MSDE website. We've asked MSDE if October data is available. We're no longer able to obtain the number of children enrolled/vouchered from our automated system so we've requested that information from MSDE.

Question 10: Please provide monthly program data for calendar year 2014 for the WPA program including: # of children served (paid), # of children enrolled, average monthly subsidy, # of applications received, # of application approved. What were the major reasons for application denial? Work on this answer question.

The majority of WPA cases were denied in FY14 due to parents being over-income, unwillingness to pursue child support and parents working between 25-29 hours.

The following charts provide monthly program data for FY14:

WPA/FY14

	# New Apps. Taken	# New Apps. Approved	# children served (paid)	Avg. Monthly Subsidy	Families	# vouchered children
July	41	25	377	431	231	359
August	31	0	302	482	212	377
September	21	2	302	520	203	326
October	35	23	290	451	195	345
November	21	17	279	448	206	341
December	19	14	270	457	209	363
January	31	24	296	506	231	583
February	29	28	302	492	234	400
March	38	31	335	510	254	445
April	30	30	350	518	293	443
May	21	15	375	547	270	491
June	26	30	400	546	291	521

Question 11A/B: What was the total amount of WPA subsidy payments spent in FY13, FY14, and FY15 to date? To what extent was amounts budgeted for WPA subsidies in those fiscal year spent?

Fiscal Year	WPA Budget	WPA Subsidy Payments Spent
FY15 thru Nov	\$2,630,880	\$1,055,142
FY14	\$ 2,630,880.00	\$1,977,853
FY13	\$2,292,210	\$2,557,510

Question 11C: Does the Department anticipate needing supplemental funding to carry currently enrolled families through the end of the fiscal year?

Unless the State Child Care Subsidy Program (SCCSP) freezes additional income brackets and/or if the proposed tables and income guidelines are implemented, the Department does not anticipate needing supplemental funding to carry currently enrolled families through the end of the fiscal year. Traditionally, when the SCCSP places a frozen status on all income brackets, especially the three lowest income brackets, the WPA numbers increase substantially.

Question 11D: If additional funding is not available, does the Department anticipate needing to implement a wait list for services?

The Department would only anticipate the need to implement a WPA Wait List in FY15, if the State Child Care Subsidy Program (SCCSP) imposes a frozen status on additional SCCSP income brackets (currently, 2 income brackets are in frozen status), if the WPA enrollment trend changed drastically during the remainder of FY15 and depending upon if and when the proposed WPA Voucher Tables were implemented. Were enrollment to increase, if the proposed tables are implemented in FY16, additional funding would be needed to prevent the implementation of a Wait List in FY16.

Question 12: To what extent did DHHS issue supplemental WPA subsidy checks to parents in FY14 or FY15 to lower the contribution that families need to make to participate in the program? If supplemental subsidy checks were provided, please provide the number of families and children who received a supplement by fiscal year, the length of time that families received supplemental checks, the average percentage that the subsidy checked lowered the family's co-pay, and the total amount spent on

supplemental payments? If the Department has not issued supplemental checks in FY15, does it anticipate that it will do so later in the fiscal year?

During FY13 and part of FY14, DHHS lowered the monthly contribution families paid for child care by \$150.00 per family. Beginning in FY14, DHHS lowered the monthly contribution families paid for each eligible child by \$150.00 per child. The following table addresses supplemental vouchers issued by fiscal year:

Fiscal Year	# of supplemental vouchers issued	# of supplemental vouchers paid	Total spent on supplemental vouchers	Total amount of supplemental vouchers issued
FY15 thru Nov 2014	2986	1918	\$270,135	\$347,683
FY14	3917	3280	\$459,730	\$569,907
FY13	1064	978	\$133,084	\$150,362