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Early Childhood Development – Child Care Scholarship Program Study

Ch. 525 HB995/SB920

CLASP
The Center for Law and Social Policy

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Executive Summary

During the 2022 legislative session, the Maryland state legislature passed the Early Childhood Development – Child Care Scholarship Program – Alterations and Study bill (Ch. 525 HB995/SB920). This bill required the Maryland State Department of Education (MSDE) to complete a study on several key factors of the legislation on or before December 1, 2022. MSDE partnered with the Center for Law and Social Policy (CLASP)¹ to complete this study.

CLASP used a mixed-methods research approach to gather information from a variety of sources including, and perhaps most importantly, people who are directly impacted by these policies. Our approach included 1) engaging state administrators and other leaders in states that have implemented presumptive eligibility policies and removed child support enforcement requirements; 2) connecting with other state and national partners; 3) reviewing research and policy documents; 4) hosting focus groups with parents/caregivers and providers from across the state; and 5) analyzing data. Notably, CLASP used seven focus groups to determine the most common themes in experiences and concerns regarding the Child Care Scholarship (CCS) program from both parents'/caregivers' and providers' perspectives. Given the nature of this research report, CLASP worked diligently to center objectivity and remove bias whenever possible. CLASP, however, is a nonprofit advocacy organization whose mission is to ensure policies positively impact families and individuals with low incomes, and that core mission drives all of the work we do.

As CLASP finalized this report, the State Superintendent of Schools released an internal memo to providers participating in the CCS program that identified future program policy changes and improvements. Several of the changes included in the memo were also recommendations that CLASP has identified. While the recommendations included in this study go beyond the scope of the Superintendent's memo, it is important to acknowledge this overlap and the important steps MSDE is already taking that could address some of the recommendations CLASP has put forth in this study.

Key findings from the research and conversations are outlined below.

Presumptive Eligibility

Ch. 525 HB995/SB920 asked for the study to include recommendations for determining the level of support the individual should receive from the program; the appropriate length of time between the date of submission of an initial request for enrollment in the program and the deadline for submission of a complete application with all required documentation; and the minimal length of time that an individual who is granted presumptive eligibility should receive a scholarship under the program if the individual is later determined to be ineligible for the program.

Recommendations:

- Award families presumptive eligibility using their self-attestation of income and eligible activity.
- Consider not collecting co-payments and waiving them until after the final eligibility determination is made or basing the co-payment on the families' self-attested income and units of care needed.
- Maintain the 15-day period outlined in the legislation for parents/caregivers to submit paperwork but offer an extension for families who need additional time to gather the documents.
- Maintain the 60-day care period outlined in Ch. 525 HB995/SB920 for presumptive eligibility, with the ability for MSDE staff to reassess this time frame if program staff believe it is not sufficient time for families.

Simplified Application

The study also required CLASP to explore the creation of a simplified form to be used to apply to the program.

Recommendations:

- Consider removing questions about citizenship and immigration status pertaining to the parent/caregiver or guardian. In accordance with federal regulations, states are prohibited from using the immigration status of the parent/caregiver or guardian as a factor in determining eligibility.
- Consider removing questions if they do not impact the priority of families' application or eligibility determination.
- Consider restructuring questions on families' housing situations. For example, consider asking families to check off one box if any of the homelessness circumstances apply to them.
- Consider ways to eliminate the need for families to provide hours of eligible activities and hours of care needed. In addition, consider simplifying the request for parents/caregivers to only share the hours that they need care. Child Care Development Fund (CCDF) regulations do not require states to match work hours and schedules with child care authorization.

Co-payments for Families Accessing Other Social Services

Ch. 525 HB995/SB920 specifies that MSDE can waive CCS co-payments for families participating in five social service programs: Supplemental Nutrition Assistance Program (SNAP), Section 8 housing, Supplemental Security Income (SSI), Temporary Cash Assistance (TCA), and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).² During our research we also learned that MSDE expanded this list to include the Welfare Avoidance Grant (WAG), Guaranteed Basic Income (GBI), those who are experiencing homelessness, those in Head Start or state-funded Pre-K, parents who are minors, or parents who are migrant workers.³ CLASP was

asked to determine if these programs were appropriate for reaching vulnerable families who should not be required to pay for child care. CLASP found that these programs reach vulnerable families and recommends several others.

Recommendation:

- Consider reaching families who are involved in other programs such as participants in Medicaid and Children’s Health Insurance Program (CHIP), parents/caregivers who are receiving unemployment assistance, parents/caregivers receiving Medicare, and children whose parents/caregivers have disabilities, to name a few.

Expanding Access to Scholarships

Federal law and regulations establish the eligibility parameters for CCDF-funded child care assistance.⁴ However, states often have complex policies that state agency decisionmakers may perceive to be required by federal regulations when they have significant flexibility to design their programs. States can refine the eligibility criteria and set other policies, including those that directly impact the child care workforce. CLASP researched and provided insight on establishing a process to expand access to scholarships.

Recommendations:

- Reach more eligible children by sharing information about the program with parents/caregivers;
- Simplify the eligibility process beyond the application, meaning reconsider what paperwork is required to be submitted for verification and be flexible about what documentation is needed;
- Consider categorial eligibility to reduce the administrative burden with programs that have overlapping eligibility requirements;
- Support the child care workforce by increasing compensation and address late payments and confusing payment practices.

Federal and State Match, as well as Additional State Funding Needed to Serve all Eligible Children

CLASP was also asked to determine to what extent federal and matching funds could be used to accomplish the goals of the legislation, as well as the need for additional state funds to support all individuals eligible under federal law. First, because many of the policy changes outlined in Ch. 525 HB995/SB920 are allowable under federal law, they would be supported through CCDF funding. This includes the presumptive eligibility policy for a family who is found ineligible under state requirements but is still eligible under federal requirements. This means MSDE could use federal funds to pay for services of a family who received a scholarship during the presumptive eligibility period, but whose income was found to be above the Maryland initial income eligibility threshold of 75 percent of state median income (SMI) if their income does not exceed the federal income eligibility threshold of 85 percent SMI. Because a family meets federal eligibility

requirements, the payment would still be allowable, and Maryland would be able to use CCDF federal or state matching funds. However, because serving ineligible children is not an allowable use of CCDF funds, Maryland can't use CCDF funds, including state matching funds, to pay for a child who is presumptively eligible and later deemed ineligible under the federal and state regulations. Maryland would have to use other state funds to pay for these children. CLASP estimates that each family who applies and receives services through presumptive eligibility but is then deemed ineligible following the presumptive eligibility period, would cost the state approximately \$3,100.⁵ The number of children who fall into this category is dependent upon a variety of factors which makes it hard to estimate. Based on the number of families who, on average over the last 5 years, have been denied but we estimate this number to be less than 1,000 families per year and likely far lower.⁶

Furthermore, CLASP estimates that the state would need between \$72 million and \$136 million⁷ in additional annual federal and state funding to offer robust support through the CCS program for all families now eligible under all the new policy changes, but who were previously denied. The amount of money the state will need to set aside for children who are found to be ineligible during the presumptive eligibility will be much smaller.

Moreover, CLASP estimates that the state would need between \$1.68 billion and \$3.35 billion⁸ in additional annual funding to offer robust support through CCS for all children eligible under the federal law.⁹ This includes funding that would come from both federal and state resources. Approximately 70 percent of Maryland's current spending comes from federal sources and 30 percent from state sources.

Contract or Statutory Changes Needed

CLASP was also asked to report on contractual or statutory changes needed to achieve the goals of the legislation. First and foremost, the evidence CLASP gathered throughout this study shows that the vendor contract needs to be altered and, likely, renegotiated as soon as possible with the finalized contract signed and completed prior to July 1, 2023—the date when presumptive eligibility will take effect.

Recommendations:

The vendor contract alterations should include:

- Enhancing the methods of customer service, to include expanding the voice response system to be available 24 hours/7 days a week and possibly increasing staff so that callers have a higher likelihood of reaching someone by phone, as well as extending customer service hours to outside the business day since most parents/caregivers and providers are also working during standard business hours.
- Dedicating resources to support speakers of languages other than English throughout the CCS application process, including the ability for these individuals to receive translation services and documentation in the same language that families submit their application.
- Requiring the vendor to clearly state which invoices and checks are for which child when

they are sent to providers.

In terms of statutory changes, MSDE should:

- Consider if legislative changes are needed to codify the additional programs that are being used to waive co-payments for the most vulnerable families, and if MSDE considers additional changes/additions to the list of programs, making any needed additional statutory changes.
- Consider changing statutory language when referring to fraud under the presumptive eligibility section of the bill from “suspected” to “found”.¹⁰
- Explore what potential changes to statutory language may be needed after MSDE considers the recommendations above. For example, if MSDE changes the number of days families have to submit their documentation or sets up a process for families to apply for the program, policymakers may need to reflect these changes in new legislation.



Introduction

Over the last year, CLASP partnered with Maryland partners to improve the child care scholarship (CCS) program.¹¹ CLASP is a national, nonpartisan, anti-poverty policy organization. CLASP understands that poverty in America is inextricably tied to systemic racism. Therefore, we will explicitly and with intention, focus our policy and advocacy efforts for economic and racial justice on systemic racism as the primary cause of poverty in communities of color in the United States. We believe that centering communities of color in our advocacy leads to policies that advance economic justice for everyone. We work in partnership with the people most impacted to advance policies that promote racial and economic justice

In late 2021, our organization offered guidance and support to members of the state legislature and Maryland advocacy organizations on ways the state could improve the CCS program, in the context of the state considering changes to two key provisions, including presumptive eligibility and the removal of the child support enforcement requirement. CLASP provided guidance on current federal regulations and flexibilities, as well as examples from other states that were already implementing presumptive eligibility. CLASP also supported the passage of the Early Childhood Development – Child Care Scholarship Program – Alterations and Study bill (Ch. 525 HB995/SB920) during the 2022 legislative session by providing testimony during the virtual hearing. Ch. 525 HB995/SB920 required MSDE to complete a study on several key factors of the legislation on or before December 1, 2022. MSDE partnered with CLASP to complete this study. See Appendix B for legislative text of Ch. 525 HB995/SB920 regarding to this study. CLASP was charged with answering the questions outlined in the legislation to assist MSDE in developing a process to expand access to the CCS as specified under Ch. 525 HB995/SB920, enacted May 29, 2022. The legislation made several changes to the scholarship program that include:

- Removing co-payments for families who also use other certain social services such as the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the Supplemental Nutrition Program (SNAP), Temporary Cash Assistance (TCA), Supplemental Security Income (SSI), and Section 8 housing vouchers.

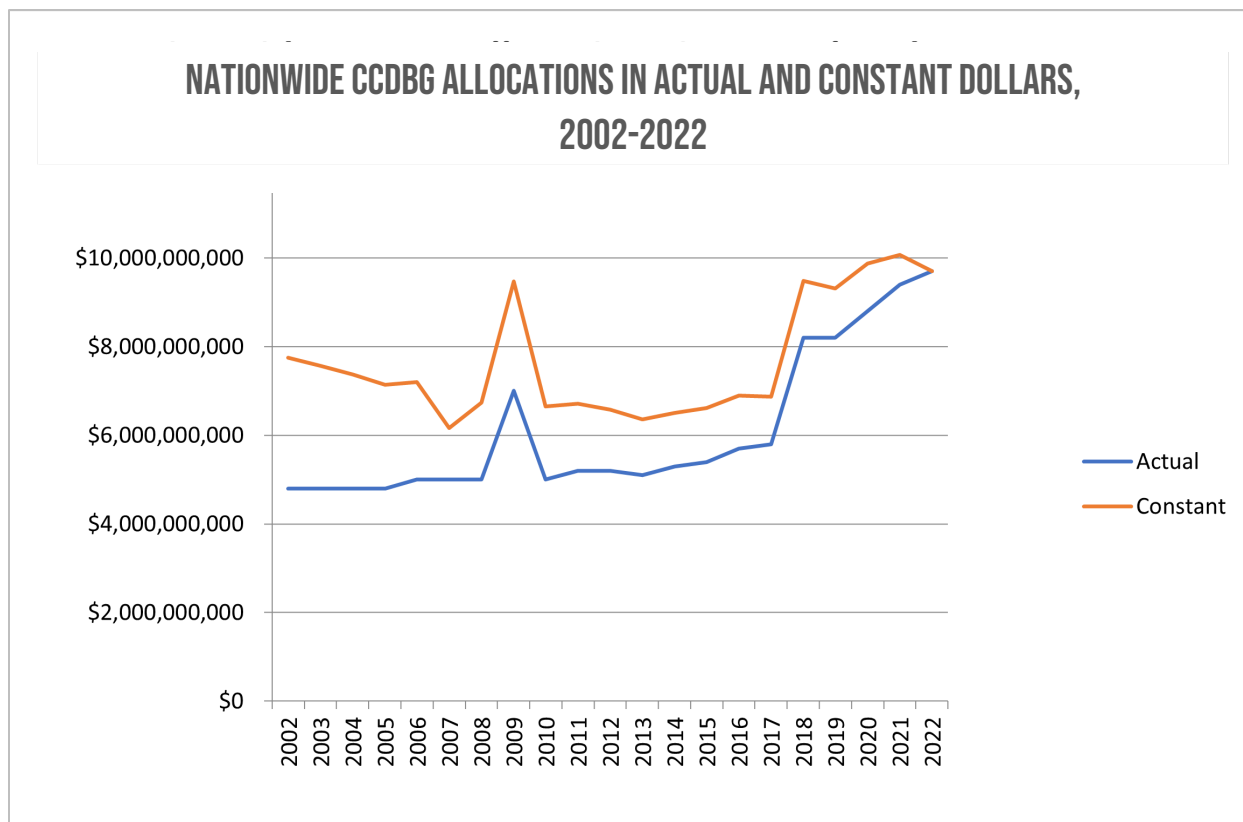
As CLASP finalized this report, the State Superintendent of Schools released an internal memo to providers participating in the CCS program that identified future program policy changes and improvements. A copy of the memo can be found in Appendix A. Several of the changes included in the memo were also recommendations that CLASP has identified. Key improvements outlined in the memo include: Advanced, Enrollment-based Payments, Reducing Burden from Attendance Verification Audits, A Presumptive Eligibility Pilot, A Provider and Parent Portal, and Customer Service Improvements. While the recommendations included in this study go beyond the scope of the Superintendent's memo, CLASP acknowledges this overlap and the important steps MSDE is already taking that could address some of the recommendations CLASP has put forth in this study.

- Removing the requirement to cooperate with child support enforcement by families applying for the child care scholarship.
- Effective July 2023, creating a presumptive eligibility phase for families, meaning that families will be able to use the child care scholarship right away, even while their application goes through a verification process.

Ch. 525 HB995/SB920 required MSDE to evaluate certain issues related to the program in consultation with *partners*¹² and experts. The CCS program is a critical support for many families with low incomes in Maryland, as it reduces costs and increases access to child care services. Many of the people we spoke with throughout this project shared that CCS is very important to the children and families of Maryland. The program is supported by federal investments provided through the Child Care Development Fund (CCDF)—a combination of annual Congressional discretionary funding from the Child Care and Development Block Grant (CCDBG) and mandatory funds from the Social Security Act’s Child Care Entitlement to States. In addition, states use other federal funds from the Temporary Assistance for Needy Families (TANF) block grant, the Social Services Block Grant (SSBG), as well as state funds.¹³

CCS access is limited by the availability of federal investments—which have rarely kept pace with inflation, let alone children’s and families’ needs (see graph on pg. 10). Historic inequities, related to race/ethnicity, gender, and income, as well as longstanding limited federal investments, have perpetuated present inequities and barriers to accessing child care assistance. In response to limited federal investments, states, including Maryland, often control spending by implementing policies to restrict access.





The above graph represents federal CCDBG mandatory and discretionary funding from 2002-2022, excluding all emergency relief funding in response to COVID-19 and other federal funding sources that states can use to support CCDBG such as TANF. The blue line shows actual funding, or the actual dollar amount the federal government appropriated nationally that year. Over the last 20 years, federal funding through the appropriations process for CCDBG has increased by 102 percent or more than doubled. Yet, when inflation changes are accounted for—represented by the orange line—federal investments have only increased by 25 percent over the last 20 years. This chart shows that investments over time have barely kept pace with inflation, and in years with small increases or no increases, the investments would not meet the inflationary cost. Since these resources were already only meeting a small portion of the children and families who need assistance with care, this poses real challenges in keeping up with ever-increasing need. When investments do not keep up with inflation, states cannot afford to provide the same level of services offered in previous years. This means the children, families, and providers who rely on these funds suffer and can lose access to the program.

Methodology and Process

CLASP used a mixed-methods research approach to gather information from a variety of sources including, and perhaps most importantly, people who are directly impacted by these policies. We began our work on this project in July 2022 and completed the work in November 2022. To ensure we were meeting the requirements of the study, garnering necessary information, and getting our questions answered as we conducted the study, we met with the MSDE team weekly. We also met with program staff frequently to fully develop our understanding of how the application processes work in Maryland. We conducted significant primary and secondary research and collected qualitative and quantitative data for each of the questions outlined in the study. Our approach included 1) engaging state administrators and other leaders in states that have implemented presumptive eligibility policies and removed child support enforcement requirements; 2) connecting with other state and national partners; 3) hosting focus groups with parents/caregivers and providers from across the state;¹⁴ 4) reviewing research and policy documents; and 5) analyzing data. See Appendix C for a complete description of the methodology.



TIMELINE OF CCS POLICY CHANGES IN MARYLAND SINCE 2017

2017

December 14

- ▶ Payment rates for providers increase from 7th to 9th percentile of the 2017 Market Rate Survey.

2018

August 1

- ▶ Income eligibility scale increase from 33 percent to 65 percent of State Median Income (SMI).

September 14

- ▶ Payment rates for providers increase from 9th to 20th percentile of the 2017 Market Rate Survey and income eligibility for families increase to 65 percent of SMI.

2019

June 24

- ▶ Payment rates for providers increase from 20th to 30th percentile of the 2019 Market Rate Survey.

2020

March 30

- ▶ All licensed providers invited to apply to serve as an Essential Personnel Child Care (EPCC) or an Essential Personnel School-age (EPSA) program.
- ▶ All providers participating in the Child Care Scholarship Program were paid based upon enrollment. All providers participating in the EPCC/EPSA programs were paid a flat fee and were paid based upon enrollment for EPCC and capacity for the EPSA programs.
- ▶ Child care providers not permitted to collect payment above the EPCC or EPSA payments.
- ▶ All parent/guardian co-pays for the Child Care Scholarship Program are waived.

June 7

- ▶ EPCC/EPSA Program ended.

September 30

- ▶ Providers participating in the CCS Program go back to being reimbursed based on attendance and parents are again required to pay their mandatory co-payments.

2021

June 23

- ▶ Reimbursement rates for providers increase from 30th to 60th percentile of the April 2019 Market Rate Survey.

2022

January 1

- ▶ Maryland extends eligibility from 12 months to 24 months.

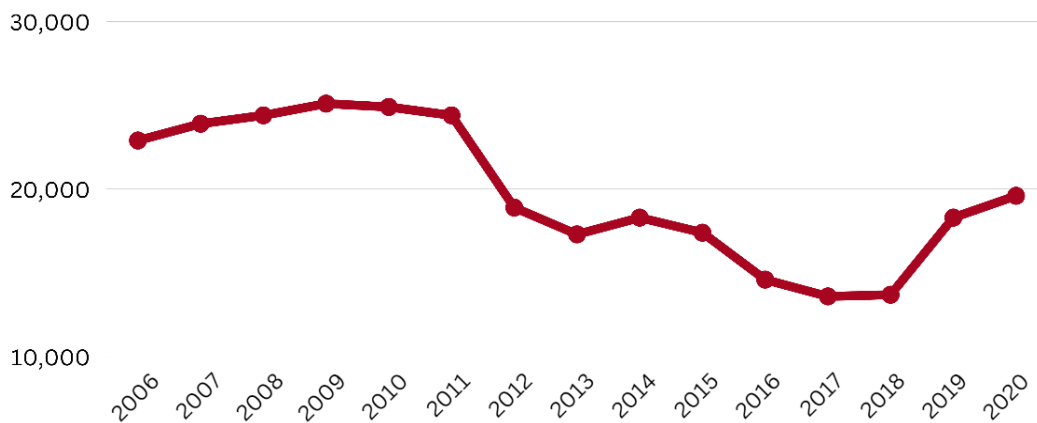
May 23

- ▶ Reimbursement rates for providers increase from 60th to 70th percentile of the June 2021 Market Rate Survey.
- ▶ Income eligibility for families increases from 65 percent SMI to 75 percent of SMI.
- ▶ Co-payments for families accessing certain SNAP, WIC, TCA, Section 8, and SSI are waived.
- ▶ Child support enforcement cooperation is removed from eligibility verification process.

Maryland Child Care Scholarship at a Glance

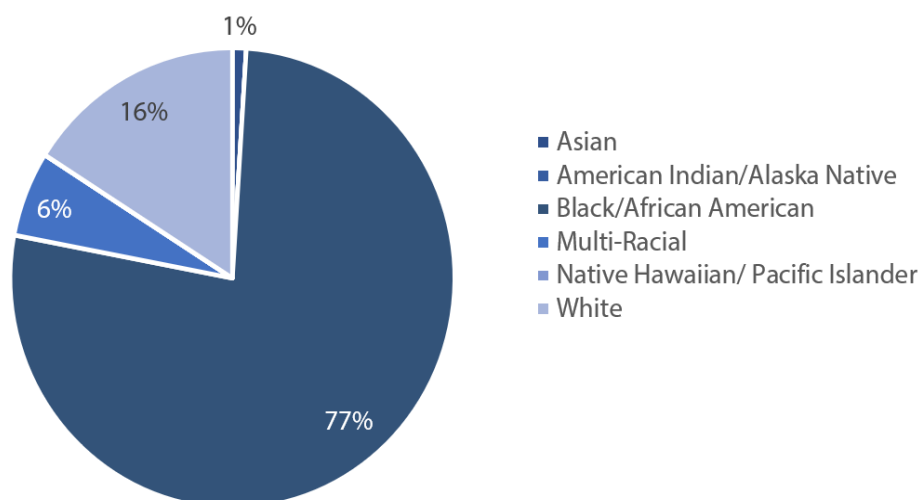
In the Maryland CCS profile below, CLASP showcases the reach of the program by highlighting the number of children and families served, as well as the providers who are funded through federal and state CCDF funds, and funds Maryland may use from TANF or other federal sources to support the child care scholarship program. The data show a clear decline in the number of children served, as well as a clear drop in the number of providers that accept the CCS program. These declines again highlight the lack of federal investment in the child care system that impacts Maryland's ability to serve all eligible children.

TOTAL CHILDREN SERVED IN MARYLAND THROUGH CCDF FUNDS 2006-2020



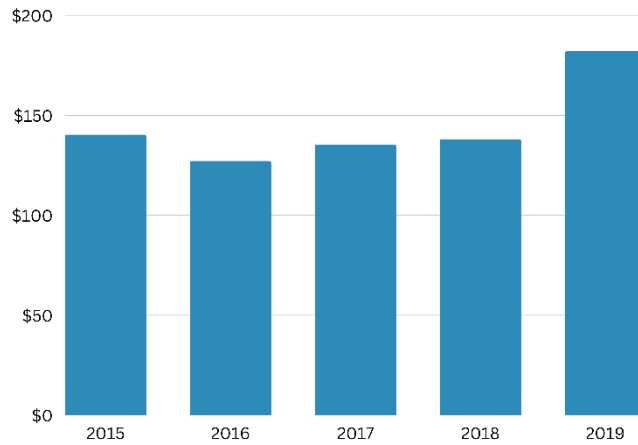
Source: Administration for Children and Families, Office of Child Care participation data, 2006 -2020, <https://www.acf.hhs.gov/occ/data/child-care-and-development-fund-statistics>.

RACE OF CHILDREN SERVED IN MARYLAND THROUGH CCDF FUNDS IN 2020



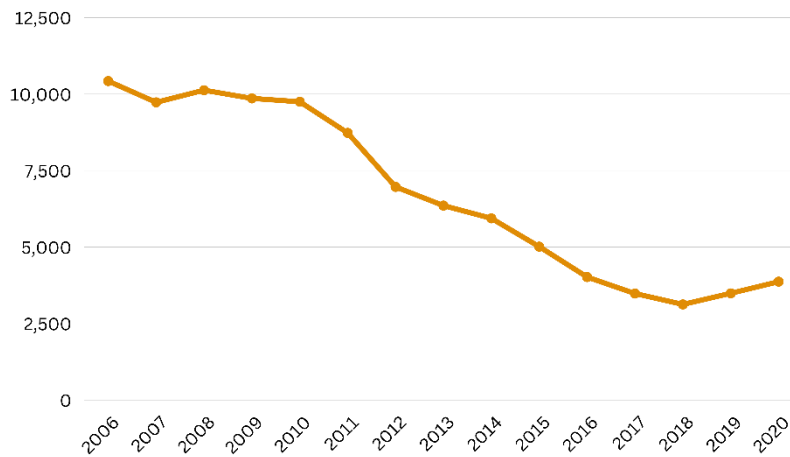
Source: Administration for Children and Families, Office of Child Care participation data, 2020, <https://www.acf.hhs.gov/occ/data/child-care-and-development-fund-statistics>.
In 2020, 5% of the children served are Hispanic/Latino, regardless of race.

TOTAL STATE SPENDING 2015-2019



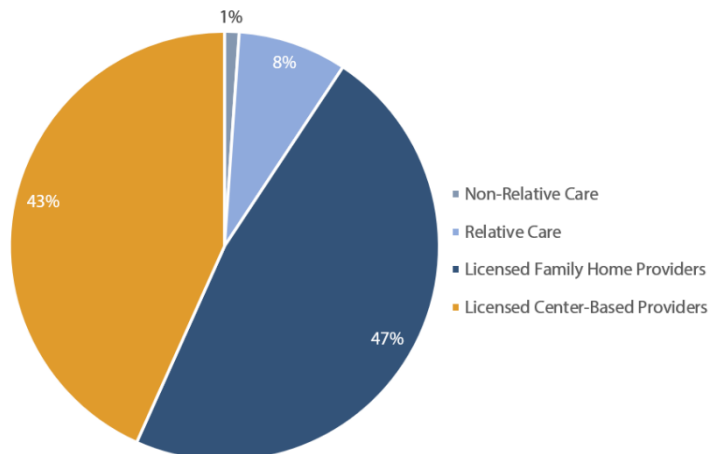
Source: Administration for Children and Families, Office of Child Care expenditure data, 2015-2019, <https://www.acf.hhs.gov/occ/data/child-care-and-development-fund-expenditure-data-list-all-years>.

PROVIDERS RECEIVING FUNDING THROUGH CCDF IN MARYLAND 2006-2020



Source: Administration for Children and Families, Office of Child Care administrative data, 2006 -2020, <https://www.acf.hhs.gov/occ/data/child-care-and-development-fund-statistics>.

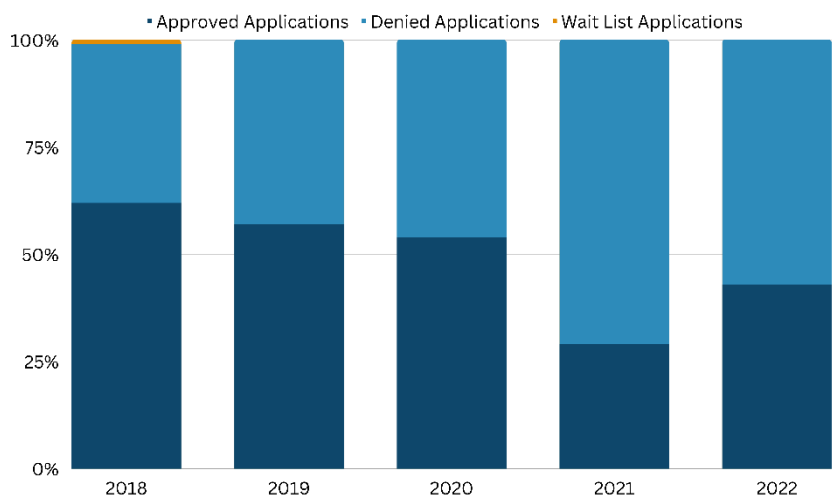
TYPES OF CHILD CARE PROVIDERS IN MARYLAND RECEIVING CCDF FUNDING IN 2020



Source: Administration for Children and Families, Office of Child Care administrative data, 2020, <https://www.acf.hhs.gov/occ/data/child-care-and-development-fund-statistics>.

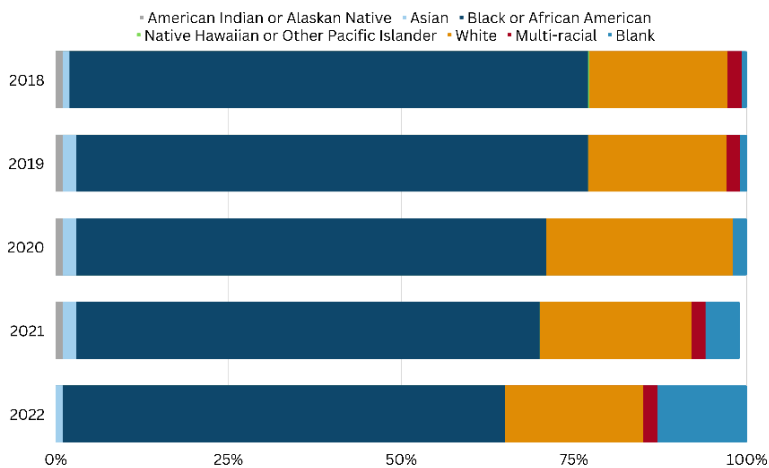
To apply for the CCS, families need to submit their application and verification documents via mail or email to MSDE’s vendor. The vendor processes the applications and makes the final eligibility determination. As shown below, more than half of the applications over the last five years have been denied, with most of the denied applications—about 81 percent on average over the last 5 years—due to families not returning documentation. Although this is the top reason for application denials, other reasons include *child support requirement not met* (as of May 2022, this is no longer a denial reason); *failure to provide proof of identity*; *lack of citizenship*; *moved out of state*; *no activity schedule*; *no child age eligible*; *no service needed*; *over income*; *required activity schedule or unable to care*; *review not returned*; or *unable to be determined*.

MARYLAND CHILD CARE SCHOLARSHIP APPROVED, DENIED, AND WAIT LISTED APPLICATIONS 2018-2022



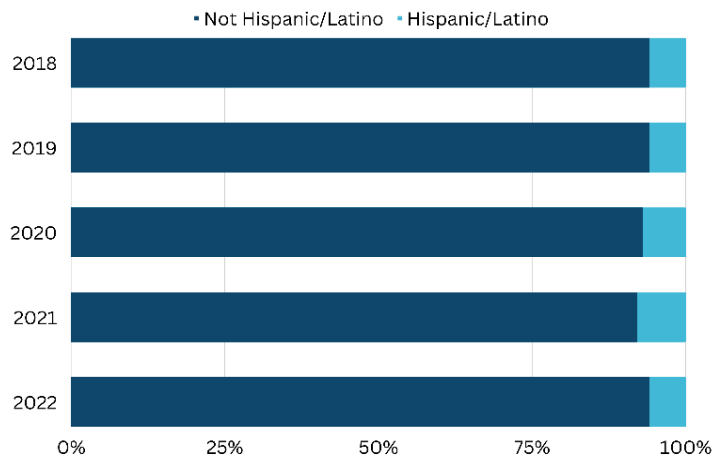
Source: Child Care Automatic Tracking System (CCATS) Data provided by the Regional Economic Studies Institute (RESI)

MARYLAND CHILD CARE SCHOLARSHIP APPLICATION DATA BY RACE 2018-2022



Source: Child Care Automatic Tracking System (CCATS) Data provided by the Regional Economic Studies Institute (RESI)

MARYLAND CHILD CARE SCHOLARSHIP APPLICATION DATA BY ETHNICITY 2018-2022



Source: Child Care Automatic Tracking System (CCATS) Data provided by the Regional Economic Studies Institute (RESI)

Key Findings

Focus Groups

The primary intent of including the focus groups as part of the project was to center the lived experiences of parents/caregivers and providers in the report's reflections and recommendations. This qualitative data provides the context necessary to fully understand the experiences of those who receive and interact with the CCS program. Since we covered similar topics with both parents/caregivers and providers, the CLASP team was able to determine the most common themes in experiences and concerns regarding the scholarship program from both perspectives. Using these themes, the team has been better able to tailor this report to maximize impact for parents/caregivers and providers across Maryland.

During the analysis of the focus group data, we saw several emergent themes across both groups. These themes include issues around customer service, miscommunication, language accessibility, child support enforcement, and missing documentation. Overwhelmingly, negative experiences with customer service were the most common topic brought up in the focus groups. Missed calls, no email responses, and rude representatives were a few of the issues that both parents/caregivers and providers have faced. One parent summarized the various experiences with customer service, "based on what everyone is saying, we're all in the same situation. We have different applications, different situations that we're dealing with, but it always comes down to customer service so that seems to be the roadblock. We need to all be able to get the same answers and information from someone."

Another theme was documentation submitted by families being reported as missing by the vendor. This miscommunication came up several times, with parents/caregivers expressing that the vendor provided them with incorrect information or they received missing documentation notifications that were inaccurate. Providers also expressed having been given inaccurate information, and many expressed frustration with getting different answers depending on who they were talking to. Regarding this, one participant shared that they, "could call 3 times, talk to 3 different people, and get 3 different pieces of information from the [vendor]." Furthermore, language accessibility for parents/caregivers and providers surfaced as an important theme. This included the need for non-English resources and staff, as well as the need for more clear language in the application to avoid confusion that some parents/caregivers experienced.

Another common theme that was particularly strong among both parents/caregivers and providers was the removal of the child support cooperation enforcement from the verification process. Most of the participants felt that the removal of this enforcement will lead to more parents/caregivers applying for the program as, for many, this was previously intimidating for those with informal—meaning not court-ordered—child support agreements or for those who do not receive child support. For example, one parent shared that "it kind of deterred me from applying at first. I think it took me about another year, and my provider pushed me to apply. I decided to give it a shot, and, thankfully, I was approved, and it has helped tremendously." This

theme came up in the conversations over 80 times. It was something that really resonated with both parents/caregivers and providers.

Parents/Caregivers

For parents/caregivers specifically, the themes most noted were the need for an online portal; learning about the scholarship primarily through their provider; having a supportive provider in the application process; and the need to conduct more outreach through other programs. In response to problems with communication, parents/caregivers were clear about their support for an online portal to track the status of their applications. A parent shared, “there is a lot of back-and-forth paperwork. You're waiting for a couple weeks for your approval letter then it's another couple of weeks before you'll get something else in the mail.” An online application would better streamline the process between the amount of paperwork and the unreliability of the mail system. The helpful role of providers in the application process was also repeatedly mentioned along with the providers being the ones pointing many parents/caregivers to the program in the first place. Stemming from this, parents/caregivers spoke about the need to expand outreach on the CCS so that those not currently in care would be more likely to find out they were eligible for the program.

Providers

On the provider side, the most prominent themes were not receiving support to participate in the scholarship program; late payments; and difficult auditing process. Overall, providers repeatedly mentioned the need for better support for providers participating in the CCS. Issues with customer service and lack of outreach and application assistance for parents/caregivers were a couple of examples brought up in the provider focus groups. Furthermore, late payments were a common experience for most providers, with many receiving payments for children several months late. A provider highlighted how vital on-time payments are by sharing that “the reason a lot of centers are shutting down is because they can't pay their staff because they're not getting any money. They can't pay their bills. So, if a center or home is in a location where vouchers are really [common]. How are you supposed to survive?” In addition to receiving late payment for their services, auditing was mentioned as a difficult task for providers. Many providers shared that late payments may come in for multiple children in one invoice, and providers are not able to tell which child or children the payments belong to. One provider shared that she “cannot tell how many hours [she has] devoted to trying to do the accounting that comes with this nightmare problem” regarding the invoices. This creates additional headaches for providers who are concerned about being audited. These administrative burdens were a widespread experience.

The themes from all the conversations will be reflected in the other sections of this report. As mentioned above, parents/caregivers and providers are the experts on how the CCS is working in Maryland.

“More people [are] refusing scholarships which is a shame because it's such a good program.”

Presumptive Eligibility

The adoption of a presumptive eligibility policy was a primary focus of this study. Presumptive eligibility allows children and families to apply for the CCS program and begin participating in a child care program without having to wait for the state to determine a final eligibility decision. This grace period allows families extra time to submit outstanding documents, while allowing children to access much-needed care. Being able to begin the program without delay is particularly beneficial for families who are starting a new job or changing jobs, people escaping domestic violence situations, families experiencing homelessness, and/or families who do not have all the required documentation but need care immediately. It helps to expedite services and make the process easier and quicker for families. This time also allows state agencies to complete their due process without creating additional barriers for families.

Ch. 525 HB995/SB920 creates a presumptive eligibility phase for families in Maryland who are trying to access the CCS.¹⁵ The legislation outlines the following guidelines for implementing the policy:

- *Allowing people to self-attest that they meet the eligibility requirements for the program by completing and submitting a form electronically, including a statement of the estimated annual household income.*
- *Setting the time frame for families to receive the temporary scholarship beginning the day the individual submits the form for up to 1) 60 days if the individual does not complete the application for the scholarship within 15 days, or 2) 60 days if the individual is later found to be ineligible for assistance, or 3) the date on which MSDE makes the eligibility determination, whichever is later.*
- *Specifying that the state may also not seek reimbursement of funds from participants if an individual is later deemed ineligible for the program unless fraud is suspected.¹⁶*

In addition to the processes set forth above in the legislation, Ch. 525 HB995/SB920 asked for this study to include a determination on:

- *The method for assessing the level of support the individual should receive from the program.*
- *The appropriate length of time between the date of submission of an initial request for enrollment in the program and the deadline for submission of a complete application with all required documentation.*
- *And the minimal length of time that an individual who is granted presumptive eligibility should receive a subsidy under the program if the individual is later determined to be ineligible for the program.*

To answer these questions, CLASP engaged with state and county administrators responsible for administering CCDF-funded programs and that have a presumptive eligibility policy in place. The chart below summarizes the presumptive eligibility policies in these states and county.

Presumptive Eligibility Policies	Delaware	Montana	Wyoming	Monroe County (NY)
How families apply for assistance through presumptive eligibility	Families are required to submit the application to access the program.	Families can apply online by providing first five pages of the application, which includes basic family information like ages of children, who works, who goes to school, etc. Applicants must also sign rights and responsibilities page and attest that they meet the basic eligibility criteria.	Families apply for presumptive eligibility with the standard application. Parents/caregivers self-certify their eligibility by signing a “statement.” Child care eligibility workers have 7 days to respond with an interview, which is generally conducted over the phone but can happen in person if the family requests. During this interview, the State verifies information such as eligible activity, employer, and work hours.	Families are required to submit the standard application form to access the program. They must answer all questions and check off a box on the cover sheet that the local district created requesting presumptive eligibility. In addition to checking the box, the customer must provide proof of any earned and unearned income (4 current consecutive week gross wage verification (i.e., copies of paystubs) and verification of need for care (i.e., verification of work hours from your employer).
Length of time presumptive eligibility is granted	Presumptive eligibility is granted for a period of 30 to 60 days, depending on the date the application is submitted. To prevent disrupting payments to providers, eligibility will finish at the end of the month the individual receives care.	Presumptive eligibility is granted for 30 days, although if the 30 th day lands in the middle of the month, the eligibility continues until the end of the month.	Presumptive eligibility is granted for 30 days.	Presumptive eligibility is granted for 30 days. Families receive confirmation of their presumptive eligibility status within 24 to 48 hours of submitting their application.
Length of time families are granted to submit application and required documentation	Families are given 14 days to submit documentation to the agency that determines eligibility.	Families have 30 days to finish the application before a lapse in assistance. After the 30 days, families have an additional 30 days to	Families have 30 days to submit the paperwork for determining their eligibility.	Families need to submit documentation within 10 days but are given an additional 5-day grace period. An extension may be granted if

Presumptive Eligibility Policies	Delaware	Montana	Wyoming	Monroe County (NY)
		finish the application, but they will not have access to child care assistance from the 30 th to the 60 th day. They have the extra 30 days to turn in any missing documents, but after 60 days, they would have to start the application process over again.		requested.
Are families required to have a child care provider selected in order to apply for presumptive eligibility?	No	Yes, families must have a provider selected so the state can authorize the child care subsidy and subsequent payment.	Yes, families must have a child care provider. Presumptive eligibility is only available for families who are using licensed care providers.	No. If a family doesn't have a provider the district will issue the parent/caregiver a child care certificate for them to take to a child care provider of their choice. The provider the parent/caregiver chooses must be eligible (licensed) to receive subsidy payment.
How states (and county) determine level of support	Families are awarded care using the individual's self-attestation of income and eligible activity. Copays cannot increase after final eligibility determination.	Level of support is based on reported income and household size to determine the copay and level of support. All families' copayments are currently \$10/month, thanks to Montana's use of COVID relief funds. However, that will eventually end once relief funding runs out.	Level of assistance/support during presumptive eligibility is based on the statement of the parent/caregiver on the initial application.	Families are issued a child care certificate after an expedited review of income and need for care information provided with the application and cover letter. Copays (weekly family share) are determined after a full eligibility determination is made.
What happens if families do not complete the verification process	Families that applied and did not submit documentation to verify eligibility for the program will not get access to the child care	Families would receive a denial letter after the period ends. There is no transition period for families.	If families do not complete the verification process, child care assistance will end on the 31st day. Families and providers are also	If families do not complete the verification process, the case is closed after the 30 th day. Families' child care assistance will stop, and

Presumptive Eligibility Policies	Delaware	Montana	Wyoming	Monroe County (NY)
	assistance program through presumptive eligibility again.		notified of eligibility determination, and the case is closed.	their case will close. They would have to restart the process to get access to child care support again. If the parent/caregiver reapplies, a second child care certificate will not be issued if there hasn't been an active case since the issuance of the child care certificate.
How families and providers are notified about the status of presumptive eligibility	Families receive a notice in the mail, and providers can check the status on their portal system.	A denial letter goes to the family or head of household describing why they are not eligible. A closure notice goes to the provider, but it doesn't contain any information about why the family was denied.	Families and providers are notified of eligibility determination in writing.	Families are notified within 48 hours on the status of their application for presumptive eligibility. For a final determination, families are notified within 30 days of their application.
Link to application	Delaware application	Montana application	Wyoming application	Monroe County (NY) application



Beyond conversations with state and county administrators, CLASP considered a variety of perspectives, including national experts, MSDE staff, as well as parents/caregivers and providers who would be impacted by these policy changes firsthand. As a result of all this insight, CLASP suggests that MSDE consider the following:

The method for determining the level of support the individual should receive from the program

Families who access the CCS program through presumptive eligibility will need to self-attest their eligibility for the program. This includes providing MSDE with basic information such as family demographics, income, family size, estimated work hours, and eligible activity of parents/caregivers. With this information, MSDE would be able to determine the level of support for families, including the number of hours of care needed, as well as their co-payment. Because the Maryland child care payment rate varies by county, it is important for MSDE to determine the county of residence for families when the parents/caregivers apply for the program through presumptive eligibility. Notably, no federal requirement establishes a minimum number of hours that parents/caregivers are required to participate in an eligible activity, nor are states required to match work hours and schedules with child care authorization.¹⁷ If states have these policies in place, they are allowed to change and amend them. Therefore, Maryland can and should consider requiring less information from families about work schedules and child care needs.

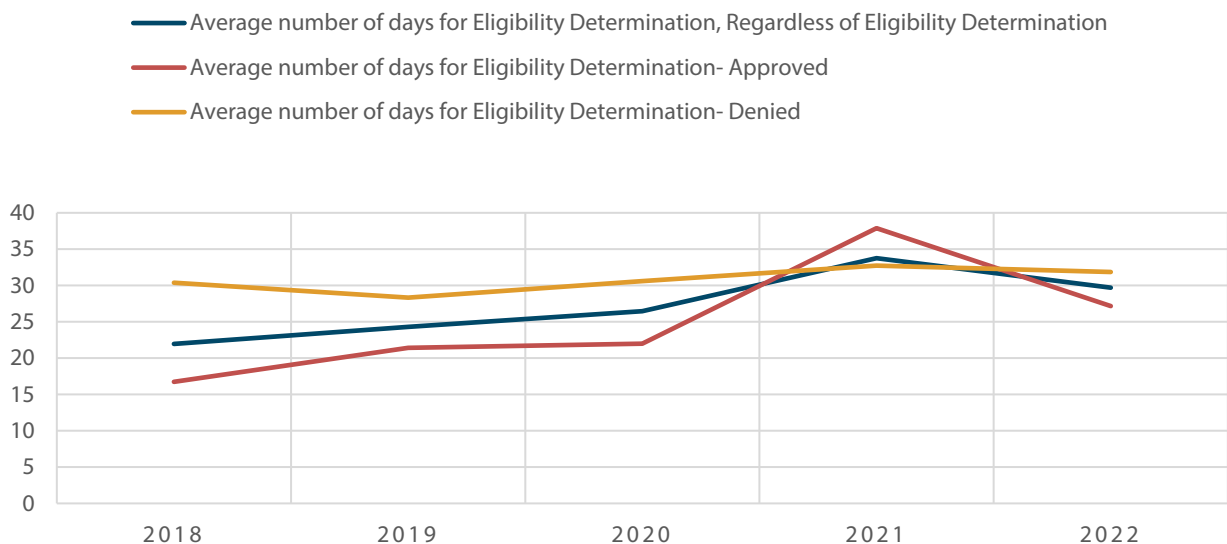
Recommendation: Award families presumptive eligibility using their self-attestation of income and eligible activity. Consider not collecting co-payments and waiving them until after the final eligibility determination is made or basing the co-payment on the families' self-attested income and units of care needed.



The appropriate length of time between the date of submission of an initial request for enrollment in the program and submission of a complete application with all required documentation

Presumptive eligibility is intended to give parents/caregivers an ample amount of time to complete the application and gather documentation to verify their eligibility. As it stands, the legislation provides families with 15 days from the submission on the initial request for enrollment to complete the application. Based on conversations with other states, and considering the circumstances of families, this may not be enough time to complete the application. However, it is important to note that after analyzing historical data on average days needed to provide an eligibility determination, MSDE will need ample time to process the application and ensure that all the necessary documentation is provided by the families. As shown in the line graph below, the average time it takes MSDE (through a contracted vendor) to make an eligibility determination has increased over the last few years. Since 2018, it takes families about 27 days to receive an eligibility determination, with slightly higher averages for the last two years, with 2021 and 2022 at 34 and 30 days, respectively.

AVERAGE DAYS TO DETERMINE ELIGIBILITY BY YEAR, 2018-2022



Source: Child Care Automatic Tracking System (CCATS) Data provided by the Regional Economic Studies Institute (RESI). 2022 data is from January to September.

Recommendation: Maintain the 15-day period outlined in the legislation but consider an extension for families who need additional time to gather the documents. For example, Monroe County grants extensions for families who requested the additional time.

The minimal length of time that an individual who is granted presumptive eligibility should receive a scholarship under the program if the individual is later determined to be ineligible for the program

Under Ch. 525 HB995/SB920, families are granted presumptive eligibility from the day they submit the form to either the 60th day, if the individual does not complete the application or is found to be ineligible for assistance, or the date when MSDE makes the eligibility determination, whichever is later. This time frame is more generous than the presumptive eligibility policies in the other states analyzed by CLASP, but it will positively impact parents/caregivers, providers, and MSDE staff. Maintaining the 60-day care period will also address concerns raised regarding continuity of care for families if they are deemed ineligible for the program *and* the approved care period is shorter. However, partners also expressed the need for a longer period to ensure families will have capacity for any necessary follow-up on the application, and for MSDE to have ample time for processing applications and documentation since presumptive eligibility is supposed to allow families who would/will be eligible to access the program with more ease.

Recommendation: Maintain the 60-day care period outlined in Ch. 525 HB995/SB920 for presumptive eligibility but reassess this time frame if program staff believe it is not sufficient for families.



Simplified Application

Investigation into the creation of a simplified form to be used by an individual applying to the program

As mentioned above, for a presumptive eligibility policy to work, administrators must give thoughtful consideration to how MSDE is implementing its eligibility verification process. Often-complex policies and processes create significant administrative burdens for struggling public agencies, which result in additional costs to states. Simplifying the application for CCS can reduce administrative burdens. Not only will the process prove valuable to the children and families of Maryland, but it is also important for states to be fiscally responsible with public funding by preserving important resources.¹⁸ Below, CLASP details some suggestions on simplifying the application process for families, considering both the current application and the future family portal.

CURRENT APPLICATION

Families often face socio-economic challenges that intersect with their different identities including housing instability, unreliable connectivity, and proficiency in a language other than English. During focus group sessions, participants clearly felt the CCS program did not provide enough support for non-English speakers. As one father, a native Spanish speaker, noted, “I have to speak with them in English because no one speaks Spanish. Every time I ask for someone who speaks Spanish, they say that no one available. It’s a very long process for me to try to speak English with them but they don’t have anyone. They need more personnel that speak Spanish,” A provider highlighted similar experiences by saying, “as an immigrant and a person who speaks [Spanish], I have had to speak up as well for those who don’t have [English] many times. While it may seem easy, it is actually very difficult to fill out a piece of paper because sometimes the words are nothing you know.”

Federal regulations for CCDF, specifically §98.33, require that consumer education efforts, including websites, be accessible for all families. This provides for the widest possible access to services for families who speak languages other than English, persons with disabilities, as well as those with different literacy levels. For many families, it is not enough to have the application be in multiple languages.¹⁹ It is vital for all communication, especially communication from MSDE informing parents/caregivers of missing documentation or the status of the application, to be returned to the families in the language that they submit the application.

Additionally, even for those whose first language is English, difficult wording or descriptions used in the applications was still a concern. A grandmother with custody of her two grandchildren shared that “sometimes you’re afraid that you will put down the wrong thing. I know with me I wasn’t sure if it was talking about my daughter’s income or mine? Little things like that in the applications are confusing, especially for someone older like me.” In another session, a parent mentioned, “I think it’s a matter of taking the time to really read over the questions and find out exactly what they’re asking for, that can be a bit of a challenge sometimes.” To further expand

accessibility of the application, administrators and/or the vendor should consider an intentional focus on these issues of language.

Furthermore, parents/caregivers and providers raised additional concerns about the CCS application being too confusing and creating additional barriers for families. Some of the main concerns included that the application is burdensome particularly for families in circumstances such as self-employment, gig workers (e.g., Uber drivers), and those in mixed-immigration-status families. Parents/caregivers also reported that the CCS program requires paperwork to be submitted in a certain format (e.g., applications and supporting paperwork must be submitted as a PDF, if sending via email), and, if they are not, the vendor will not review the materials. However, this was not communicated clearly with parents/caregivers, and making this a requirement for families created administrative burdens and delayed access for them. Finally, most parents/caregivers reported some type of challenge with paperwork often being misplaced/mishandled by the vendor.

Recommendation: Simplify the application to the greatest extent possible—eliminating duplication and only asking questions and collecting documentation that is essential for determining eligibility and payments. By simplifying the application process, MSDE can reduce administrative burdens, be more fiscally responsible, and help parents/caregivers through the process.



Consider the following in the various sections of the application:

Section 2 - Applicant Information:

Section 2 Applicant Information						
Name (Last, First, Middle):				Social Security Number (SSN) (optional):		
Date of Birth (DOB): MM/DD/YYYY		Gender: <input type="checkbox"/> Female <input type="checkbox"/> Male	Marital Status: <input type="checkbox"/> Single/Never Married <input type="checkbox"/> Married <input type="checkbox"/> Divorced <input type="checkbox"/> Separated <input type="checkbox"/> Widowed			
Race:		Are you Hispanic/Latino? <input type="checkbox"/> Yes <input type="checkbox"/> No		Primary Language Spoken in Home:		
US Citizen: <input type="checkbox"/> Yes <input type="checkbox"/> No		Alien Status (if not a citizen): <i>See choices below</i>			Do you have Active Military Status? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Choices for Race:		Choices for Alien Status:		Choices:		
<ul style="list-style-type: none"> • Native American or Alaskan Native • Asian • Black or African American • Native Hawaiian or Pacific Islander • White 		<ul style="list-style-type: none"> • Permanent Resident • Asylee • Alien Granted Conditional Entry • Parolee (1 yr. or more) • Alien Whose Deportation is Withheld 		<ul style="list-style-type: none"> • Refugee • Battered Alien Spouse, Child or Parent of Child • Undocumented • Child of Lawfully Admitted Alien 		
Home Address: Street		Apt Number	City	State	Zip Code	County
Mailing Address, if different: Street		City	State	Zip Code		
Contact Phone Number:		Alternate Contact Phone:		Email Address:		
Do you pay Child Support to children outside of the home? If yes, attach current proof				<input type="checkbox"/> Yes <input type="checkbox"/> No		
Are you a single parent?				<input type="checkbox"/> Yes <input type="checkbox"/> No		
Are you a minor parent (under 18)?				<input type="checkbox"/> Yes <input type="checkbox"/> No		
Do you receive SNAP (food stamps)? If yes, attach current proof				<input type="checkbox"/> Yes <input type="checkbox"/> No		
Do you receive a Welfare Avoidance Grant (WAG)? If yes, attach current proof				<input type="checkbox"/> Yes <input type="checkbox"/> No		
Do you receive Montgomery County Guaranteed Basic Income (GBI)? If yes, attach current proof				<input type="checkbox"/> Yes <input type="checkbox"/> No		
Do you receive a Housing Voucher? If yes, attach current proof				<input type="checkbox"/> Yes <input type="checkbox"/> No		
Do you receive WIC? If yes, attach current proof				<input type="checkbox"/> Yes <input type="checkbox"/> No		
Do you receive SSI? If yes, attach current proof				<input type="checkbox"/> Yes <input type="checkbox"/> No		
Are you a migrant worker? If yes, attach current proof				<input type="checkbox"/> Yes <input type="checkbox"/> No		

- Consider shifting the label for this section to “parent, guardian, or caregiver.” This shift can reduce confusion because, although child care assistance is for the benefit of the child, the applicant is the parent, guardian, or caregiver.
- Strongly consider removing the questions pertaining to citizenship and immigration status, as the immigration status being requested is for the parent/caregiver or guardian. In accordance with federal regulations, states are prohibited from using the immigration status of the parent/caregiver or guardian as a factor in determining eligibility. If MSDE decides against this recommendation and keeps this section, language should be added to clearly state that the immigration status of the parent/caregiver will not impact eligibility for child care, and MSDE should make provision of this information optional.
- Consider removing questions in section 2 regarding the parent’s/guardian’s/caregiver’s military status, receipt of social services, or relationship status if it does not impact the priority of their application or eligibility determination.

Section 3 - Need for Care Information:

Section 3 Need for Care Information			
1. Do you receive Temporary Cash Assistance (TCA)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	Never If yes, Start Date:
2. Is TCA for the children in your care only?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
3. How many people are in your household?	Number:		
4. What is your annual gross income?	Dollar Amount:		
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5. What is your activity?	<input type="checkbox"/> Work <input type="checkbox"/> TCA Approved Activity <input type="checkbox"/> Education (Public School) <input type="checkbox"/> Education (College) <input type="checkbox"/> Training <input type="checkbox"/> No Activity		
6. Do you have assets of one million dollars?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
7. Which of the below describes your family's current living or housing situation?	Check all that apply		
a) Do you lack a fixed, regular, and adequate nighttime residence?	<input type="checkbox"/>		
b) Are you sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason (sometimes referred to as doubled-up)?	<input type="checkbox"/>		
c) Are you living in motels, hotels, trailer parks, or camping grounds due to lack of alternative adequate accommodations?	<input type="checkbox"/>		
d) Are you living in emergency or transitional shelters?	<input type="checkbox"/>		
e) Are you caring for a child abandoned in hospitals or awaiting foster care placement?	<input type="checkbox"/>		
f) Is your primary nighttime residence that is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings?	<input type="checkbox"/>		
g) Are you living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings?	<input type="checkbox"/>		
h) Are you and your children migratory?	<input type="checkbox"/>		
i) None of the above	<input type="checkbox"/>		
8. Are you responsible for any children with a disability?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
9. Do you want Child Care Assistance for a child that is not your child by birth or marriage, and lives in your home?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
10. How many children that are not yours by birth or marriage, are you caring for? See the above question	Number:		
11. Are you or anyone in your household receiving Supplemental Security Income (SSI)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

- Consider explaining nuanced terms throughout the application, for example, in question 4, the application is asking for annual gross income. This is a technical term and should be explained (i.e., the total amount paid, before taxes or other deductions).
- Consider restructuring the questions about families' housing situation. Determine if it is necessary to ask families about their situation in such specific terms or if MSDE could list out the different circumstances and ask families to check off if any of the homelessness circumstances apply to them.
- Consider removing repetitive questions. For example, question 11 (if a parent, guardian or caregiver is receiving SSI) is already asked in section 2.

Section 6 - Activity Information:

Section 6 Activity Information								
A C T I V I T Y 1	Applicant/Household Member Name (from Section 2 or 5):				Activity Type: <i>See choices below</i>			
	Choices for Activity Type:		• Work	• TCA Approved Activity	• Education (College)	• Training	• No Activity	
	Name of Organization:				Organization Phone Number:			
	Organization Address:		Street	City	State	Zip Code		
	If you do not have a standard activity schedule, enter total hours per week :				Enter daily commute time from provider to activity (to and from):			
	Activity Hours	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		To	to	to	to	to	to	to

- Consider ways to eliminate the need for families to provide hours of eligible activities and hours of care needed by, instead, simply asking parents/caregivers to only share the hours that they need care. CCDF regulations do not require states to match work hours and schedules with child care.

ONLINE PORTAL

MSDE is in the process of converting the paper application to an electronic portal. However, since the online portal is being developed from the paper application, we anticipate that many of the questions and comments above would also apply. Parents/caregivers expressed their desire to apply online and view the status of their applications online and through the portal. One parent said that “online would be easier.” Better communication. Easier to see where you are at in the application process. Able to see where your vouchers are.” Another remarked, “you should be able to come back to a dashboard and check the status of your application instead of just mailing or emailing someone and hoping for the best.” MSDE is taking steps to make this process easier for families, and officials anticipate the portal will have a positive effect on the program and reduce barriers for families.

Best practices for an online portal include:²⁰

- Ability to apply without a separate step of creating an account.
- Mobile-friendly design, as many households have access to the internet only through cell phones.
- Ability to take a picture of required documents and upload them.
- Interactive flow of questions, so that questions not needed based on previous responses are skipped.
- Pop-up explanations of questions to provide definitions of unfamiliar terms and how the information will be used.

Recommendation: Continue to incorporate user feedback and participant experience as drivers of simplifying and improving the online portal. Consider what information is being shared and

how the portal will be user-friendly and easily accessible for all and in as many languages as possible. This includes making sure the online application is accessible for people with disabilities.

APPLICATION PROCESS WHEN IMPLEMENTING PRESUMPTIVE ELIGIBILITY

As shown in the table on page 17, other states have a variety of strategies for their presumptive eligibility policies. Some found it useful to have families complete the entire application, while others found it useful to only gather the information needed to make an initial determination. MSDE will need to determine the process for the new policy, recognizing that families will need to know their initial eligibility very quickly after they apply, that ease of application is essential, and that, ultimately, families will still need to meet all the requirements of the full application to receive care beyond the initial presumptive eligibility period.

"I don't [want] to worry about parents thinking that I have a dollar sign posted on my forehead because every time I talk to them, I am trying to get money from them because they are behind. Families should be able to access child care without all of this."

MSDE can improve the application process for families in many ways, particularly considering what the application process will look like once a presumptive eligibility is implemented. Parents/caregivers, providers, and Maryland partners urged that the application process should be as easy and straightforward as possible for families. MSDE should consider what information is necessary to make an initial determination for care. For example, a simplified application for the scholarship should include many of the questions in Section 3 of the current application, such as:

- Personal information of parent/caregiver and child applicant, such as name, contact information, and child's date of birth
- Family income
- Family size
- Eligible activity of parent/caregiver
- Age of child needing care
- Immigration status of the child applicant
- County in which the family resides, or if the family is using informal care, the county where the provider is located

Recommendation: MSDE could include a screener on the portal to ask parents/caregivers simple questions, which they will self-attest to be correct for determining eligibility. This screener could be used to create a shorter and more simplified version of the current full application that families can again self-attest is correct. MSDE could also use the existing application (or a simplified version of the current application, as outlined above) and clearly highlight the required sections for presumptive eligibility so that the same application can be used. Families should not be required to provide documentation when they are initially applying for the program when presumptive eligibility is in place; however, MSDE should request that families submit any available documentation, and MSDE should share a clear timeline for when the remaining

documents will need to be received.

Methods of aiding applicants to the program in completing the application process

One essential component of getting more families access to child care is ensuring they can complete the application. Even with a simplified application, many families could benefit from assistance with completing it. The legislation asked for an exploration of ways to help potential participants complete the application, specifically asking about voluntary assistance from child care providers. This section outlines potential options for assisting families with the application process.

CHILD CARE PROVIDERS

For many parents/caregivers, child care providers are the reason they know about the scholarship. One parent shared, “I know for me personally, if it wasn't for my providers, I would not have known about the program. I still would not have known about this program. They're the ones that help you walk through it. They're the ones that are on the phone when there's a problem. I think the providers are going above and beyond, for all the people in their centers by explaining, supporting, and helping sort out the problems.” This sentiment was shared by many. Parents/caregivers brought up this theme 18 times, which was one of the most significant themes mentioned—among those who had both good and bad experiences with the system. However, parents/caregivers and providers also noted that helping families with their applications takes providers away from their other duties. One parent said, “there are times where the directors or the assistant directors are on the phone, sometimes like half the day, trying to figure things out so you don't have to. The providers that I have worked with, endlessly try to make sure that everyone that's in their center and is on vouchers has help. They try to figure it out for them. They try to help us as much as they can on their end.”

One provider at a large center also mentioned, “we have one person in our billing and registration office who deals with the 50 scholarships. It takes her about 75% of her work week to just process those 50. And then that kind of leaves the other person in our billing and registration office to deal with the issues, whatever issues we have for the other 2,500 kids. It is very, you know, time consuming.” Even with the amount of time it takes away from providers, many said they are willing and happy to help families in applying for the scholarship. This is especially true for family child care providers who often play multiple roles in addition to caring for children, such as janitorial staff, cooks, accountants, human resources, as well as customer service representatives for their businesses. However, during both provider focus groups, participants noted 9 times that they could benefit from training on how to fill out the application to better serve their families. Providers also brought up that they should be compensated for the time they spend with families outside their normal work schedules. Given how undervalued and underpaid the child care workforce is, it is essential that providers are paid for the time they spend supporting parents/caregivers in completing CCS applications. Implementing a “volunteer program” undermines the value and expertise of the providers and exacerbates existing inequities.

FAMILY RESOURCE SPECIALIST

Focus group participants expressed an overall positive response when the role of family resource specialists was brought up during our conversations with parents/caregivers and providers. One caregiver noted that “an extra set of hands and extra set of eyes looking over the paperwork and seeing what you might have missed would benefit everyone.” Going even further, another parent added, “I think it's always good to have somebody, especially with new parents applying for the first time. It would also be helpful for older caregivers. Sometimes, there is a technology gap or changes in the process, it would be great [for] this person to be there to bridge these gaps.” Similarly, one parent shared, “It's very stressful because there are times where I'm in [my provider's] office, and we're all trying to figure [out the voucher] instead of it being a conversation with my provider about my child and their education.”

Unfortunately, even with the important work that family resource specialists could be doing for families, Maryland currently only funds 10 family resource specialists across the entire state through contracts with community groups. We uncovered a strong need for additional investments in this valuable resource and support for families.

Recommendation: Pay child care providers for their expertise and time supporting CCS applicants, as well as provide additional training on the eligibility verification process. Additionally, increase the investments in family resource specialists who can provide more meaningful support for families. This should include providing them with tools to better assist families such as a portal to view application status of families and offer better guidance.



Child Support Enforcement

Annual effect on program participation allowing individuals who have not pursued child support payments to participate in the program

Prior to Ch. 525 HB995/SB920, MSDE required parents applying for child care assistance to cooperate with the state's child support enforcement program, for instance by establishing paternity, obtaining a child support order, and/or collecting payment from a non-custodial parent who is not paying child support. Ch. 525 HB995/SB920 removed the child support enforcement requirement. Individuals may now participate in the child care scholarship program regardless of whether they have pursued child support payments.

A child care support enforcement requirement is not federally mandated but rather a state policy choice. Currently, 13 states²¹ require compliance with child support enforcement as a condition of receiving child care assistance. In outreach to states that recently removed child support enforcement cooperation from the eligibility determination process, our team sought to gain insight on the impact removing the child support requirement had on their program. In particular, we asked if there was an uptick in enrollment once the child support requirement was removed and what the fiscal impact was of this policy decision. Most states that recently removed the child support enforcement requirement did not have specific data on the number of applications that were denied due to child support enforcement. Most states simply list "approved" or "denied," without explaining their enrollment decisions.

Notably, parents/caregivers and providers in all our focus groups expressed unanimous support for removing this requirement. In every group, parents/caregivers and providers expressed how much of a difference this will have on their family or other families they know. One parent shared that removing this policy will make it so the process, "won't be so intimidating." Regarding this policy change, a provider mentioned, "parents, especially mothers, need help so I think this created a safety issue. Women shouldn't need to risk being threatened by a man for seeking child support." Another participant added, "for some families, even seeking informal agreements can be too cumbersome to do, especially in instances where domestic violence had taken place."

The number of applications since 2018 that were denied for noncooperation with child support enforcement is very low. On average, this reason accounts for 3 percent of denied applications when comparing the last five years of data. However, this does not negate the importance of this policy change. During our conversations with parents/caregivers and providers, we discovered that many families who need help did not apply because of this requirement. When asked what parents/caregivers thought the impact of removing this policy would be, one parent said, "I think more people would apply because that really is a lot of the reason why people [are] very skeptical to apply." This policy change will be of immense value for many families who will now be encouraged to apply for assistance.

CLASP was limited in measuring the financial impact of this policy, as many recent policy changes, including increasing the income eligibility threshold, may also impact the number of families who

apply. Using the methodology described in Appendix C, our team found that the potential annual cost to serve additional families who would have not been denied because of child support enforcement cooperation could range from \$2,054,677 to \$4,109,355 annually, based on the number of families participating.²²

“...I think this created a safety issue. Women shouldn't need to risk being threatened by a man for seeking child support.”



Waiving Co-payments for Families Accessing other Social Services

Many families in Maryland live with a multitude of experiences and intersecting needs and could significantly benefit from access to free or affordable, high-quality, and stable child care. To ensure that as many Maryland children receive the care that they need, the state should examine how it is making care affordable for families who access other social services.

Are the support programs the appropriate programs to ensure that vulnerable families are not required to pay for child care

Ch. 525 HB995/SB920 specifies that MSDE can waive CCS co-payments for families participating in five social service programs: SNAP, Section 8, SSI, TCA and WIC.²³ CLASP finds that these programs are appropriate for reaching vulnerable families who should have their co-payments waived, as these are the programs and services most often accessed by families who need and can greatly benefit from assistance. In fact, in many cases, these are the very same families who will benefit and are eligible for the CCS program. During our research, we also learned that MSDE, because it understands the intersecting nature of families' lives and needs, expanded this list in May 2022 to include the Welfare Avoidance Grant (WAG), Guaranteed Basic Income (GBI), those who are experiencing homelessness, those in Head Start or state funded Pre-K, a parent who is a minor, or a parent who is a migrant worker.²⁴

Additional support programs that should be used in addition to those listed in the legislation and implemented by MSDE

CLASP identified additional social service programs to include in the co-payment waiver lists. Several states are currently waiving or heavily reducing all co-payments in the short term through federal support from Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and/or American Rescue Plan Act (ARPA) discretionary funds. While the programs listed in Maryland's legislation and those subsequently adopted by MSDE reach a wide number and range of families, other families experiencing economic hardship could benefit from waived co-payments.²⁵ Some other programs that MSDE could consider waiving co-payments for include:

- Medicaid and Children's Health Insurance Program (CHIP) participants²⁶
 - These programs support children in families with low incomes. CHIP provides health care for children in families with incomes too high for Medicaid but too low for private health insurance. The income eligibility limit for these programs is 317 percent of the Federal Poverty Level (FPL). For a 4-person family, 75 percent of SMI is 346 percent of FPL, well above the income threshold for Medicaid.
- Parents/caregivers who are receiving unemployment assistance²⁷
 - Ch.526/SB920 states that an individual may continue to receive services for at least 90 days if they are unemployed or seeking employment. However, these families

often cannot afford additional costs if there is no income coming into their household. Co-payments should be waived for these families while they get back on their feet.

- Parents/caregivers receiving Medicare²⁸
 - Generally, Medicare reaches those 65 or older, younger parents/caregivers with disabilities, and people with end-stage renal disease. The inclusion of Medicare in the list would expand eligibility to older parents/caregivers, parents/caregivers with disabilities, and parents/caregivers with irreversible, and often, fatal illness that impacts their ability to provide care.
- Parents/caregivers with disabilities²⁹
 - During our research, we discovered that several states allow parents/caregivers to access CCDF subsidies if one parent/caregiver in a two-parent/caregiver household has a “medically verified disability” and the other parent/caregiver is participating in an approved activity such as work or training. Because of the exorbitant cost of U.S. medical care, these families may incur more unsustainable costs beyond child care. It would be helpful to consider waiving co-payments for these families.
- Parents/caregivers who are transitioning out of incarceration
 - Parents/caregivers who are transitioning out of incarceration should be supported to reduce recidivism. Being able to access affordable child care is essential to them getting jobs and ensuring they can support their families.
- Children whose parents/caregivers are participating in a drug treatment program³⁰
 - Children whose parents/caregivers are participating in a drug treatment program may be under the care of their family members. Many times, these are grandparents or other family members who take on caregiving responsibilities to avoid placing children in the foster care system. Similarly, child care supports parents/caregivers, especially mothers, with better treatment outcomes.

Expanding Access to Scholarships

Recommendations on establishing a process to expand access to subsidies

Federal law and regulations establish the eligibility parameters for CCDF-funded child care assistance.³¹ However, states often have complex policies that state agency decisionmakers may perceive to be required by federal regulations when, in reality, they have significant flexibility to design their programs. States can refine the eligibility criteria and set other policies, including those that directly impact the child care workforce.

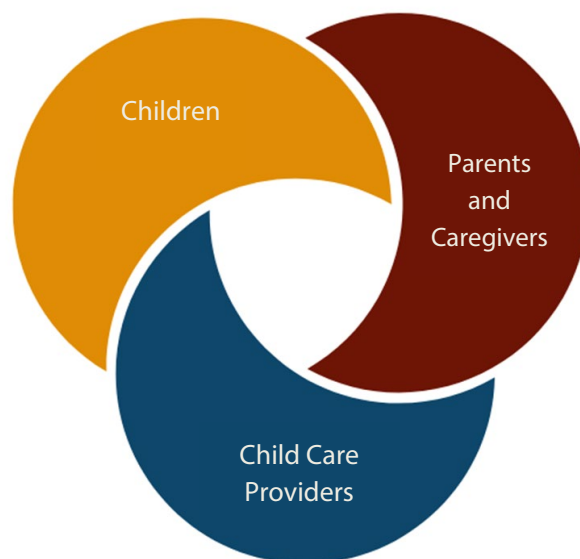
During our many conversations with parents/caregivers, providers, and advocates, it was clear that there are other ways MSDE could improve and expand access to the CCS program by leveraging this flexibility. Before identifying ways to address the challenges, it is important to understand why the nation's overall child care system is fragile.

Decades of inconsistent and insufficient federal investments, along with deeply rooted inequities due to structural and systemic racism, have created inequitable constraints on resources. This means that the child care system imposes high costs and low access for families. This has also led to unsustainable business models and perpetually low wages for providers. The graphic shows how a successful child care system must support children, parents/caregivers, and providers equally. For example, to meaningfully reduce or eliminate child care costs for families accessing the CCS program, providers need regular and higher payment rates that reflect the true cost of care.³² Otherwise, reducing parent/caregiver co-payments could further discourage providers from accepting families supported by the scholarship. Similarly, removing barriers for children and parents/caregivers by creating a more simplified application process and increasing income eligibility is only as meaningful as ensuring that those children and families have access to quality child care options with a well-paid and stable workforce.

MSDE should consider the following strategies to continue to increase access:

CONSIDER EXPLORING WAYS TO REACH ELIGIBLE CHILDREN AND FAMILIES

Although child care assistance is vital to so many families, the CCS program does not reach a majority of eligible children. Many parents/caregivers who joined our conversations mentioned they did not know about the program until their child care provider told them about it. One parent said, "I think the outreach needs to be way better than what it is." A few parents/caregivers highlighted that it would be helpful for MSDE to give providers more resources such as pamphlets or training on the CCS program to strengthen their ability to inform parents/caregivers and help them through the application process. Another idea was to have MSDE expand outreach



into other programs or services that support young children in the state. This could include giving out resources to parents/caregivers whose child is receiving early intervention services or putting information in WIC, SNAP, TANF, or other social services packets distributed to families. The participants also highlighted the need for television, radio commercials, and social media ads, or even placing resources in settings like hospitals and pediatricians' offices. To expand the reach of the CCS program to a majority of eligible children, MSDE should consider innovative ways outside of child care settings to reach families across the state. Given that most parents/caregivers in the focus groups learned about the program from their provider, there needs to be intentional outreach to families who are not currently in child care (and, thus, not able to hear about it from a provider) but are unknowingly eligible for the CCS.

Recommendations: Consider providing information about the program in community settings where families go or receive other services. This includes churches, grocery stores, libraries, clinics, pediatricians' offices—in addition to early intervention programs, WIC offices, or similar areas where families are receiving assistance for social services. Additionally, consider engaging trusted community partners who speak the language of the community to share and provide information to potentially eligible families and help them understand the options. Finally, consider additional grants to community-based organizations to do more intensive work in underrepresented or hard-to-reach communities, including by providing them with access to see the status of applications.

CONSIDER SIMPLIFYING THE ELIGIBILITY PROCESS BEYOND THE APPLICATION

As mentioned above, states can simplify nearly all parts of their subsidy program, including their eligibility policies and the documentation they request for verification. For example, states can determine what they define as a family unit, what is counted as income, as well as the income limits, and what activities count as eligible activities for parents/caregivers. CLASP recommends simplifying all possible parts of the subsidy process.

Recommendation: Reconsider what initial paperwork is required by asking only for documentation and verification that affect eligibility. This includes simplifying documentation requirements for eligible activities and allowing flexibility about what documentation is needed for verification. For example, consider the importance of requiring parents/caregivers to submit the day/hours they are working or in school. Moreover, determine whether it's necessary for the verification of hours to be on company letterhead or even whose birth certificate is necessary (CLASP would recommend that only the birth certificate of the child accessing care is required). Requesting parents/caregivers to provide work information on letterhead is an additional burden and gives employers the opportunity to withhold the letter as leverage. Another example is considering whose government identification card is necessary to make an eligibility determination and only require it for those individuals. On the MSDE website, we discovered that government-issued IDs are being requested only for the head of the household, but families shared during our conversations that this was not practice. MSDE needs to make this clearer for families with two parents, as head of household is perceived as one person.^{33 34}

CONSIDER CATEGORICAL ELIGIBILITY OR POSSIBILITY OF DATA SHARING ACROSS SYSTEMS

During conversations with parents/caregivers, providers, and other state partners, it was clear that families were tired of having to repeat information and paperwork to access multiple social services for which they are eligible. One Maryland partner mentioned that if families are already eligible for other assistance programs or support services, they should automatically qualify for CCS. Furthermore, they said that Maryland families need a seamless way to share automatic eligibility information across agencies.

“Categorical eligibility” is a strategy in public benefits administration that allows families who receive certain social services to be income eligible for other assistance programs without having to prove their income eligibility again. For example, this year, the Office of Head Start implemented a new policy that allows Head Start applicants to use SNAP eligibility to qualify for Head Start participation.³⁵ This didn't add any slots, and 99 percent of SNAP recipients would have been eligible anyway, but now applicants don't have to repeat the income documentation process.

Recommendation: To reduce administrative burdens on families and the agency, MSDE should consider using social programs as identifiers of eligibility. These programs could include SNAP, WIC, CHIP, GBI, WAG, and Medicare. Many of these programs have overlapping eligibility requirements and similar processes to verify eligibility, so categorical eligibility makes strategic sense. By streamlining this process for families, MSDE would only seek documentation and verification for elements that affect eligibility and cannot be determined by existing state sources. This can also increase capacity for the state to focus its resources on other, more complex cases.

SUPPORTING THE CHILD CARE WORKFORCE

In September, ACF released guidance on *Using CCDF to Improve Compensation for the Child Care Workforce*.³⁶ As the administration details, low wages and few benefits make recruiting and retaining a qualified workforce difficult. Against that national phenomenon, Maryland providers are facing added, unique challenges with the current vendor relationship, so the reduction of child care providers who accept the CCS program will only continue. MSDE should recognize that a strong child care system is only as strong as its workforce.

Recommendation: MSDE should consider how it can increase the compensation for the state's child care workforce, which also includes creating ways for providers, especially family-based providers, to access benefits such as health insurance and retirement benefits. In addition to compensation, MSDE needs to address issues with customer service, late payments, and confusing payment practices. Finally, MSDE needs to make the auditing process easier for providers.

Federal and State Matching Funds

Extent to which federal government and state matching funds can be used to accomplish the goals of the policy changes, and the extent to which the state must provide separate funding

As a result of federal flexibilities, funds provided by the federal government through CCDF can be used to accomplish the goals of Ch. 525 HB995/SB920. Every three years, states are required to complete a state plan that acts as an application for federal funding. This plan outlines how states will comply with federal regulations, as well as how the state intends to use the flexibility to increase access for families. Many of the policy changes outlined in Ch. 525 HB995/SB920 are allowable under federal law and thus would be supported through CCDF funding. For example, states are not required to ask parents to cooperate with child support enforcement. This is a policy that was put in place at the state level, and the removal has no fiscal implication for the state.

Similarly, presumptive eligibility is an allowable policy under federal regulations. However, the federal policy specifies that states shall establish grace periods for children who are experiencing homelessness and for children in foster care. The policy further clarifies that “the Lead Agency may also, at its option, establish grace periods for other children who are not experiencing homelessness or in foster care.” This means that states have the authority to provide this support for families if the state chooses to create such a policy. With this allowable flexibility, MSDE can use CCDF funds, including state matching funds (See Appendix F) to support this policy change if a family is found eligible during the presumptive eligibility process. However, if a family is deemed ineligible under state policy, MSDE will need to decide if the family would meet the basic eligibility criteria from the federal government since federal funds can still be used to pay for the costs incurred during the presumptive eligibility period when a family is found ineligible under state requirements, but is still eligible under federal requirements. For example, federal funds could be used to pay for the services of a family who received a scholarship during the presumptive eligibility period, but whose income was found to be above the Maryland initial income eligibility threshold of 75 percent of state median income (SMI), as long as their income does not exceed the federal income eligibility threshold of 85 percent SMI. If a family meets federal eligibility requirements but failed to meet additional state eligibility requirements during the presumptive eligibility period, the payment would still be allowable under federal requirements. Based on these federal flexibilities and families falling into this gray area of eligibility, MSDE will then need to establish administrative processes to support eligibility determinations for these families in order to make a final decision on a family’s longer-term access to child care assistance.

If a family is determined to be ineligible for CCDF under both state and federal requirements during or following the presumptive eligibility period, those expenditures would be subject to disallowance procedures (i.e., the funds would be subject to repayment to the federal government). This means that MSDE and the state would be responsible for those funds and would not be able to use CCDF State match funds to cover the expense. Maryland is not required

to recover these funds from the family unless the payment was the result of fraud.³⁷ From our conversations with states and counties, the fiscal impact of presumptive eligibility—as it relates to families who are ultimately found to be ineligible—has been very small as almost all the families who apply for the program are eventually deemed eligible to receive assistance. All the states we spoke with have had presumptive eligibility in place for over 15 years and reported that fraud was not a concern for their programs. CLASP estimates that each family who applies and receives services but is deemed ineligible following the presumptive eligibility period would cost the state approximately \$3,100.³⁸ The number of children who would potentially fall into this category is dependent upon a variety of factors, making it difficult to calculate an exact estimated cost. Based on denial reasons associated with the administrative burdens families face in submitting a completed application—detailed throughout this report—we estimate this number to be less than 1,000 families per year³⁹ and likely far lower.⁴⁰ As other states have suggested, this policy has had little to no known fiscal impact on their state.

Funding Analysis⁴¹

Any additional state funding needed to continue to offer robust support through the program for all individuals eligible under federal law

As mentioned above, Maryland is currently pulling down all available federal funding provided through CCDF, which means that supporting all eligible children and families under federal law will require additional resources. The first analysis below, in the *Additional Costs for New Children* section, can help provide an estimate for MSDE on the cost to serve all children eligible under current federal law. It is not an estimate on the fiscal impact of the policy changes in Ch. 525 HB995/SB920. The second analysis, in the *Additional Costs for New Families* section, provides an analysis of the estimated fiscal impact of Ch. 525 HB995/SB920 and is based on historic MSDE CCS application data. The analysis for the additional costs for new children should not be combined with the analysis for additional costs for new families. These estimates are overlapping, since the children in the first analysis are already captured in the second analysis for families.

ADDITIONAL COSTS FOR NEW CHILDREN

CLASP estimates that the state would need between \$1.68 billion and \$3.35 billion in additional annual funding to offer robust support through CCS for all individuals eligible under the federal law.⁴² This includes funding that would come from both federal and state resources.

Approximately 70 percent of current Maryland spending comes from federal sources and 30 percent from state sources. The high end of the range assumes that all potentially eligible children—according to the pool of children in Maryland identified through American Community Survey (ACS)—will apply, enroll, and receive services for the entire year.⁴³ The low end of the estimate assumes that only half of the potentially eligible children will apply, enroll, and receive support through the CCS program, but this estimate uses the same assumptions and data sources as the high end of the estimate. These costs could change based on additional state policies related to payment rates or other state-level policy changes that could impact cost and enrollment.

ADDITIONAL COSTS FOR NEW FAMILIES

CLASP estimates that the state would need between \$72 million and \$136 million⁴⁴ in additional annual state funding to offer robust support through the CCS program for all families now eligible under the new policy changes, who were previously ineligible due to child support enforcement, lack of documentation, or failure to provide proof of identity. The higher end of this range assumes that every family included in the estimate who applies will be approved and require funding for the entire year. The pool of potentially eligible families is based on the average number of family applications denied between 2018 – 2021, regardless of denial reason, as well as the average proportion of total denials for each denial reason listed below, for 2018 – 2022.

- *Child Support Requirement Not Met* (3 percent)
- *Documentation Not Returned* (81 percent)
- *Failed to Provide Proof of Identity* (2 percent)

The denial reasons above are closely aligned with qualitative research and data collected that identify the administrative burdens families face when compiling and submitting documentation to prove eligibility. These reasons do not clearly indicate families are ineligible, as much as indicate families were unable to provide proper documentation in the time allowed.⁴⁵ The low end of the estimate assumes that only half of the potentially eligible children will apply, enroll, and receive support through CCS but uses the same assumptions and data sources as the high end of the estimate.

“The reason a lot of centers are shutting down is because they can’t pay their staff because they’re not getting any money. They can’t pay their bills. So, if a center or home is in a location where vouchers are really [common]. How are you supposed to survive?”



Contract Changes

The need to alter or renegotiate any contracts used in the operation of the program, and the earliest date on which those contracts could be altered or renegotiated

In 2016, Maryland had a county-based system where the eligibility and case management for child care assistance was handled at 24 different locations. Because of concerns about inconsistent case management, MSDE adopted a centralized approach to handle all CCS cases. MSDE entered into a contract with a new vendor late last year. The role of the vendor, as we learned in our interactions with partners, parents/caregivers, providers, and MSDE staff, is a critical one. Parents/caregivers interact directly with the vendor to have questions answered and, ultimately, to have their eligibility determined. The vendor is also crucial for providers as they submit invoices to and receive their payments through the vendor as well.

MSDE asked CLASP to report on contractual changes. However, the ability to provide detailed feedback on this question was challenged by two main factors: (1) lack of access to contract information as some of the documents we received were redacted, and (2) the inability to receive data on the vendor's execution of the contract or speak with the vendor directly on challenges from their perspective. We can, however, share extensive information about the experiences that parents/caregivers, providers, and partners have had with the vendor, along with some potential considerations for MSDE.

In the initial phase of the study, CLASP spoke with many partners who offered great insight into the challenges of the system. Partners reported several themes as concerns or challenges that particularly relate to the vendor.

- The process is difficult and can be demeaning for families.
- Families who speak a language other than English face language barriers.
- Customer service is not adequate for families or providers who need help.

"Not being able to talk to someone...it's kind of stressful, to be honest."

During focus groups, parents/caregivers and providers corroborated these sentiments. One of the most reoccurring themes of the conversations was the poor quality of customer service from the vendor. This ranged from parents/caregivers and providers spending hours on the phone waiting to speak to someone, to getting a call back several days later, to being told that documents families had previously submitted were missing, to receiving automatic correspondence stating that the family's circumstance had changed, which created additional problems for families without having a way to clarify their family's eligibility status. One parent shared her one wish for the program was, "really just more access to somebody not like right away but like within a normal time frame that would be very helpful." In a different conversation, a provider revealed, "parents were sending in things and getting email[s] saying that they never receive [them]." Many providers have started to help parents/caregivers by checking their application before submitting

the documentation together. However, the problems persist.

Beyond these inconsistencies, many people described the distasteful nature of the customer service representatives. One provider said, “these customer service representatives are very nasty, and I feel like they’re acting as if this fund of money for these families is coming out of their pocket, and if they approve them it’s going to impact them in some way. That’s very frustrating, because I have 5 families that are waiting for application approvals that will meet the income guidelines. They’re single moms, just recently single, trying to make it on their own.” Many parents/caregivers shared similar feelings. One stated that they felt like the “bottom of the barrel” for requesting assistance.

In addition to parents’/caregivers’ negative experience with the vendor, providers also described difficult experiences. During the conversations one provider shared, “family child care providers and, some center-based providers, are wearing too many different hats. When you’re a family provider, you’re doing the work. Changing diapers, talking to the parents, etc. This is all while you’re trying to keep your highest credentials. Then, on top of this, they make accounting really difficult. This contributes to provider burnout. If they want to keep high-quality child care and early education providers doing this work, they’ve got to make it something that can actually be managed.” Many providers in the focus groups supported this sentiment and shared that poor customer service, difficult and inconsistent invoicing process, and biased auditing were their top concerns. Providers said they felt like they were being “picked on” by MSDE by having multiple audits in a short amount of time.

Similar themes emerged in the report, *The Unrealized Potential of Child Care Scholarship in Maryland: What the Providers Told Us*, which was produced by Maryland partners who hosted a townhall that gathered 183 child care providers from across the state.⁴⁶ One theme is that “reimbursements do not include identifying information for the child/children receiving vouchers, and in the frequent cases where the reimbursement amount does not match the provider’s records, providers have to spend additional time trying to reconcile records or contacting MSDE’s customer service vendor to resolve.” During our conversations, providers highlighted how the vendor is making their jobs increasingly more difficult because of these invoicing practices. One said, “if MSDE says we’re [going to] audit you, how am I going to prove to them this money, when they put five different invoices in one check.” Even beyond the technical issues in the system, it is unacceptable that both parents/caregivers and providers are experiencing a variety of issues related to customer service, as this is one of the main responsibilities of the vendor.

Recommendation: Based on our read of the available documents shared with us, we would make the following recommendations about specific modifications to the contract.

- First and foremost, we believe the vendor contract will need to be altered and, likely, renegotiated as soon as possible with the finalized contract signed and completed prior to July 1, 2023—the date on which presumptive eligibility will take effect. These alterations would allow the vendor to better accommodate a potential increase in the number of applications.

- This contract renegotiation should include the following:
 - Page 33 in the contract discusses customer service, however, families and providers are experiencing poor customer service. Ensure vendor staff are thoroughly trained on the CCS program policies and procedures and on troubleshooting customer application and invoice issues. Additionally, provide training on effective customer service.
 - Page 40 of the redacted contract talks about the voice response system that’s supposed to be available 24 hours/7 days a week; however, participants have not experienced this support. Consider increasing staff so that callers have a high likelihood of reaching someone by phone, as well as extending customer service hours to outside the business day since most parents/caregivers and providers are also working during standard business hours.
 - Require the vendor to clearly state which invoices and checks are for which child when they are sent to providers.
 - Page 30 of the current contract requires materials to be translated into the following languages: Spanish, French, Korean, Yoruba, Arabic, Amharic, Tagalog, Chinese (Mandarin and Cantonese), and Russian. Require that all communication, including *Missing Information Letters* are returned to the families in the language in which they submit their application.
 - Page 18 of the contract also states that the contract should “have a solution” for speakers of languages other than English, but the solution outlined in the contract is in a redacted space. When renegotiating the contract, MSDE needs to ensure that there are dedicated resources to support speakers of languages other than English throughout the CCS application process. This includes the ability for these individuals to receive translation services and provide documentation in the same language that families submit their application.

“I have to speak with them in English because no one speaks Spanish. Every time I ask for someone who speaks Spanish, they say that no one available. It’s a very long process for me to try to speak English with them but they don’t have anyone.”

Statutory Changes

Any statutory changes necessary to achieve the goals listed under the bill

To achieve many of the aforementioned goals, the state will need to consider funding and resources that are needed to continue to support access to the CCS program for the most vulnerable families. However, Maryland currently has restrictions on spending without legislative approval. According to the National Organization of State Budget Officers, “the Constitution of Maryland prohibits the General Assembly from increasing any budget item or adding any new appropriations item to the Governor’s operating budget for Executive Branch agencies.”⁴⁷ This means additional resources for the CCS would need to be approved and in the governor’s operating budget. Although without federal investments it is very hard for states to create a system that meets the needs of children, parents/caregivers, and providers, Maryland must invest in the child care system. In addition to requiring state funds to cover the potential fiscal impact of the policy changes and to increase access to the program, the state should keep in mind other programmatic considerations.

Recommendation: MSDE should consider if state policymakers should make other legislative changes needed to codify the additional programs to waive co-payments for the most vulnerable families. Should MSDE consider additional changes/additions to the list of programs, policymakers may need to make additional statutory changes. Additionally, based on concerns of potential racially motivated actions, the state should consider changing statutory language under the presumptive eligibility section of the bill from “suspected” to “found” when referring to fraud.⁴⁸ Finally, after MSDE considers the recommendations above, explore what potential changes to statutory language would be needed. For example, if MSDE changes the number of days families have to submit their documentation or sets up a process for families to apply for the program, these changes would need to be reflected in the statute.



Conclusion

The Early Childhood Development – Child Care Scholarship Program – Alterations and Study (Ch. 525 HB995/SB920), passed during the May 2022 legislative session, required MSDE to complete a study on several key factors of the legislation. MSDE partnered with CLASP to complete this study. Throughout the last few months CLASP has worked with MSDE to learn about the current system—including the CCS program’s challenges and successes—to provide recommendations that would help MSDE implement the recent policy changes. These recommendations were built on the experiences of parents/caregivers and providers, the lessons learned from other state administrators, months of research, and an understanding of the federal regulations and the flexibilities these offer to states. CLASP is grateful for the opportunity to partner with MSDE on this report and looks forward to continuing our work together over the coming year as these policies are implemented.

Acknowledgements

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For any questions regarding the study, please contact Alejandra Londono Gomez at alondono-gomez@clasp.org.


Appendices

Appendix A: Maryland State Superintendent of Schools Memo to the Child Care Community on Policy Changes and Improvements to the CCS Program



Mohammed Choudhury
State Superintendent of Schools

To: The Child Care Community

From: Mohammed Choudhury, State Superintendent of Schools 

Date: October 20, 2022

Subject: Policy Changes and Improvements to the Child Care Scholarship (CCS) Program

Shortly after I began my term, I became acutely aware of the struggles our child care community was (and is) facing, struggles my administration inherited but ones I resolved to address head on. My first priority was pandemic recovery -- improving implementation of federal stabilization grants and other relief efforts to make sure that our providers could sustain child care services and continue forward amidst the uncertainties and challenges of the pandemic. Throughout that effort, I also became increasingly aware of the challenges associated with the Child Care Scholarship (CCS) program. The CCS program ensures Maryland's children and families can access affordable child care, regardless of their income. The providers participating in this program are essential and their challenges are real. These challenges range from facing multiple attendance verification audits throughout the year to delayed payments. Further, slow processing of CCS program applications affects the Maryland State Department of Education's (MSDE's) ability to provide timely reimbursement for the children that providers are serving each day. Payment issues are amplified by the length of time it takes for MSDE technical systems to issue payment. Receiving payment fifteen days after the start of a service period, at best, can put providers who often work payment to payment in a precarious situation at a time when we are trying to recover from a global pandemic and get Maryland back to work while ensuring that our children have the best possible care.

For those reasons, this summer MSDE used the emergency allowances of federal Child Care Development Funds to implement some stopgap measures for the CCS program. First, we switched to an enrollment-based rather than attendance-based scholarship payment. The switch allowed MSDE to pay providers the full amount of their scholarship enrollment each two weeks regardless of whether or not children were in attendance. Second, we issued one-time additional payments in August to help offset delays of scholarship processing and ongoing pandemic-related recovery. Third, we issued a special, one-time child care scholarship program retention payment; that payment is on its way now for any provider who hasn't already received it. Those actions were Band-Aids and not intended to eliminate on-going challenges.

Today, MSDE is pleased to announce several long-term policy shifts to begin improvements intended to directly address the issues that many of our providers face -- not just now and not just temporarily but for the long term. It is my hope that these changes and our continued collaboration will grow and sustain our ever-important child care community.

Advanced, Enrollment-Based Payments

MSDE currently pays providers retroactively based on student attendance. That means, MSDE issues payment to providers based on actual student attendance after the time in which the providers served the children. For example:

If a student attends each day during a service period from November 1 – November 14, MSDE would begin to process the payment for that provider who enrolls the student with the receipted scholarship voucher on November 15.

The MSDE payment process also adds additional time. Once a provider invoice is received and processed (which can take five days), MSDE begins the payment batch process in its accounting systems. Two-to-four days later, MSDE sends payment information to the General Accounting Division of the Comptroller to remit payment. As such, providers often receive payment more than two weeks after they have already paid for and served the children who they enroll. Income margins are small for our providers and paying retroactively makes every dollar and every day count even more. MSDE recognizes this challenge and, moving forward, will make two policy shifts:

1. MSDE will pay providers in advance, not retroactively; and
2. MSDE will issue the advance payment based on enrollment, where enrollment is defined as the number of students with active CCS program scholarship vouchers assigned to a given provider at the end of the previous calendar month.

How will it work?

MSDE will condense service periods from every two weeks to a single, monthly service period. MSDE will then pay providers in advance, based on enrollment each month. MSDE will do so via two payments, one on the first and one on the fifteenth of each month. Enrollment for those payments will be calculated as the number of active receipted vouchers assigned to a given provider at the end of the previous month.

MSDE will no longer reconcile provider reimbursement based on the attendance of children with receipted scholarship vouchers and will pay for the full month regardless of the number of days a student attends.

However, in some cases, providers may receive new vouchers in the middle of the month, and in other instances, application processing times for CCS program scholarships result in vouchers being receipted retroactively after the month is over. For those reasons, MSDE will begin adjusting provider payments based on reconciled attendance and voucher information in the fourth month of the new policy (April 2023), onward. That means, if a provider was assigned additional vouchers mid-service period, MSDE will adjust the advance payment in a subsequent month. For example (note, these dollar amounts are not actual dollar amounts, just placeholder examples):

Provider A, based on the number of students enrolled, should receive \$100 for the children they will serve in the month of January, 2023. On January 1, MSDE processes a \$50 payment for the provider. On January 15, MSDE processes another \$50 payment for the provider (\$100 total). In January, due to the departure of an enrolled child mid service period (either due to voucher reassignment to another provider or the expiration of a current scholarship), MSDE should have paid the provider \$5 less than it did or \$95, total – not the full \$100. Therefore, the provider’s April total advance payment is:

\$95 (excluding the exited child) - **\$5** (based on actual January enrollment), which equals **\$90**, total.

On the April 1 payment, the advance payment for April, MSDE processes a \$45 payment. On April 15, MSDE processes another \$45 payment (\$90, total).

Provider B, based on the number of students enrolled, should receive \$100 for the children they will serve in the month of January, 2023. On January 1, MSDE processes a \$50 payment for the provider. On January 15, MSDE processes another \$50 payment for the provider (\$100 total). On January 20, two new children with active vouchers are assigned to the provider. Due to the days enrolled and attended by the two new students, MSDE should have paid the provider \$10 more than it did, or \$110 total – not just \$100. Therefore, the provider's April total advance payment is:

\$110 (including the newly enrolled children) + \$10 (for the additional students not previously paid for in January), which equals \$120, total.

On the April 1 payment, the advance payment for April, MSDE processes a \$60 payment. On April 15, MSDE processes another \$60 payment (\$120, total).

Provider C, based on the number of students enrolled, should receive \$100 for the children they will serve in the month of January, 2023. On January 1, MSDE processes a \$50 payment for the provider. On January 15, MSDE processes another \$50 payment for the provider (\$100 total). On January 20, two new children with active vouchers are assigned to the provider. Due to the days enrolled and attended by the two new students, MSDE should have paid the provider \$10 more than it did. However, in January, due to the departure of an enrolled child mid service period (either due to voucher reassignment to another provider or the expiration of a current scholarship), MSDE should have paid the provider \$5 less than it did. Therefore, the provider's April total advance payment is:

\$105 (including the newly enrolled children and excluding the exited child) + \$10 (for the additional students not previously paid for in January) - \$5 (based on expiring vouchers), which equals \$110, total.

On the April 1 payment, the advance payment for April, MSDE processes a \$55 payment. On April 15, MSDE processes another \$55 payment (\$110, total).

The specific timeline for the policy rollout will be:

1. On January 1, 2023, MSDE will change from two-week service periods to a single, monthly service period;
2. On January 1, 2023, MSDE will process two payments to providers, the first will be the regular payment for the last service period preceding January 1, and the second will be the first half of an advanced payment for the month of January;
3. On January 15, 2023, MSDE will process the second portion of the January advance payment;
4. MSDE will follow the same process in February and in March;
5. MSDE will build in payment adjustments or reconciliation in the April payment and onward each month thereafter. In May, MSDE will reconcile February; in June, MSDE will reconcile March, etc.

MSDE will issue an individualized notification email at the start of each month for any provider with an email in MSDE's records to remind providers of the calculation that goes into the month's advanced payment. The email will include the enrollment used for the calculation and the base amount, any additional funds from a previously unpaid but later receipted voucher, and a negative offset, if necessary, based on any scholarship students who left or were unassigned from a provider mid service period. For example:

Dear Provider,

MSDE has processed your April 2023 CCS program advanced payment. This month, your payment information is:

Enrollment (the number of active, receipted vouchers assigned to you as of March 20, 2023): X	
Total, unadjusted monthly amount based on enrollment	\$XXX.XX
Additional amount due to vouchers receipted and/or assigned after January 2023 advance payment	+ \$XX.XX
Offset based on actual scholarship enrollment in January 2023	- \$XX.XX
Final, total monthly amount	= \$XXX.XX
Payment amount for each of the two payment this month (<i>half of the total</i>)	\$XX.XX

Providers should continue to refer to the automated invoices from CCS central for additional detail.

Best,

The MSDE CCS Program Team

Reducing Burden from Attendance Verification Audits

MSDE takes seriously its responsibility to be a good steward of the State and federal funds that comprise the Child Care Scholarship program. Aside from our statutory and fiscal control obligations, the Office of Legislative Audits (OLA) has, in the past, found that MSDE needed to implement stringent attendance verification audit sampling amount and frequency. That finding was the genesis of the audit structure MSDE employs today. The OLA, the federal government, and MSDE are all vested in proper fiscal transparency and accountability.

MSDE also recognizes the burden that the current attendance verification audit sampling places on the child care community. As of now, MSDE audits 25% of CCS program-participating providers each service period (approximately every two weeks). That means more than 500 providers are selected every two weeks. Since each service period audit sample starts fresh, providers can be (and often are) selected frequently throughout the year, sometimes consecutively. Moving forward, **MSDE will cut the number of attendance verification audits by half.** MSDE will also explore with the General Assembly, State leadership, and our federal partners the ability to further reduce the attendance verification audit while still maintaining MSDE's fiduciary responsibilities. MSDE is exploring reducing the percentage of providers sampled each month; reducing the frequency of attendance verification audits from once per month to once per two or three months; and reducing the likelihood a provider is selected for attendance verification audit based upon successful, consecutive previous attendance verification audits.

How will it work?

Audit sampling is based on, as indicated above, 25% of the providers per service period. Beginning January 1, 2023, MSDE will transition to a single service period per month. Consequently, the number of audits will be cut in half.

Presumptive Eligibility Pilot Program

House Bill 995 of 2021 establishes a presumptive eligibility program wherein MSDE will, upon completion of a brief and abbreviated form, **assume a Child Care Scholarship program applicant family is eligible for a voucher and begin reimbursing a provider for that child immediately.** The applicant would continue on to submit a complete application for full review and final determination. If, after that time, the applicant is still eligible, no changes would occur. If, after that time, the applicant is ineligible, the MSDE will notify the provider and will cease reimbursement. **The provider will not, under this program, need to reimburse MSDE for payments issued while MSDE presumed the family to be eligible.**

To ensure MSDE can meet its statutory deadline to implement presumptive eligibility, MSDE will embark on a pilot program this winter and spring with one jurisdiction. The pilot will allow MSDE to identify the funding necessary to sustain the program and continue to offset voucher payments MSDE makes for families who turn out to be ineligible rather than chargeback providers. MSDE will then open the full presumptive eligibility program statewide on July 1, 2023.

How will it work?

MSDE will select one jurisdiction in which to implement the pilot program. MSDE will provide detailed guidance to providers in that jurisdiction with regard to the new form, the process for submitting the form, and how MSDE will process, receipt, and assign the presumptively eligible voucher. MSDE will release that guidance this winter and will have the pilot open by spring.

Advanced Payments vs. Presumptive Eligibility

Advanced payment and presumptive eligibility both involve increasing payment speed to providers based on the children they serve, but these are different policies. Understanding the difference between the two will be important for providers and the community. Advanced payment refers to paying providers at the start of each month (and midway through the month) before they have served the children they enroll (rather than paying retroactively, after a service period). Presumptive eligibility refers to assuming, immediately upon receipt of a brief form, that a family is eligible for the CCS program and issuing a receipted voucher.

Provider and Parent Portal

In January 2023, MSDE will begin its transition to an online provider and parent portal. We understand this transition will require much communication and support, which MSDE will be sure to provide. With this portal, families and providers will have access to an online system in English or Spanish that can be used on laptops, desktops or mobile devices. The system will allow families to submit initial applications, any interim changes, redeterminations, and allow providers to submit receipted and assigned vouchers online rather than via regular mail. Providers can submit invoices, confirm attendance, and submit any necessary documentation for payment purposes. MSDE is conducting comprehensive testing with internal users as well as engaging families and providers to ensure successful launch of this system in January 2023.

Customer Service Updates

MSDE acknowledges that these policy shifts require parallel improvement in MSDE customer service for child care providers and families. MSDE will, moving forward, commit to: expand direct engagement with the child care community; provide extended customer service hours with MSDE staff for parents who need case management support; and make additional investments in MSDE vendor services to expand the number of personnel directly supporting child care scholarship processing, receipting, and assignment. MSDE will also ensure it meets its commitment to give the community clear ways to access MSDE and CCS program staff – and MSDE also commits to providing timely communication and personal case management that meet the stated timelines.

Expanding Direct Engagement

MSDE recognizes the need to become better at communicating changes clearly and in a timely fashion and doing so to the full child care community. Therefore, MSDE will continue to make it a priority to inform customers of upcoming changes in advance in a variety of formats such as email blasts, robo calls, website announcements, press releases, and advisory groups. Prior to the implementation of major programmatic changes, MSDE normally discusses this information at listening sessions and with child care advisory groups. **MSDE will prioritize soliciting feedback from a wider net of parents and providers** to ensure equity and accessibility to individuals, including those in historically underrepresented groups and the multilingual community, who are not often invited to participate in the decision-making processes.

Extended Customer Support Hours

Effective December 1, 2022, the Child Care Scholarship (CCS) Branch will offer extended office hours for parents that have “Used the Link” or reached out to a Family Resource Specialist without success. **These hours will be Tuesday through Thursday from 5pm to 9pm and Saturdays from 9am to 12pm.**

Ensuring Timely Scholarship Receipting, Issuance, and Assignment

MSDE acknowledges the challenges providers and families have experienced directly related to delays in scholarship application processing, issuance and assignment. When application materials are not reviewed fast enough, applications can time out, forcing families to start over. Once scholarship vouchers are issued, MSDE’s CCS program vendor processes and receipts vouchers. Only after that are vouchers assigned to a provider, which generates payment for the provider. In September, MSDE made additional investments in the processing of applications that directly support additional program vendor personnel assigned to the CCS program. **These investments will speed up MSDE processing times and customer response times.**

Meeting Department Commitments for Customer Contact and Case Management

MSDE customer service is most helpful when the community knows how best to reach MSDE – and when MSDE meets its stated commitments for response time.

MSDE has mailed updated contact information to all parents and providers and has provided updated contact information via email communications. In addition, a cover letter with updated contact information has been included with each document generated from The Child Care Administrative Tracking System (CCATS). The contact information on the cover letter is to be used until all documents in CCATS are updated and reprogrammed.

The most efficient way to contact ChildCareCentral2 is by submitting a customer service request form.

Parents may submit their requests and inquiries at:

<https://docs.google.com/forms/d/e/1FAIpQLScSUapLuOHlrcJfrHjO2p6XXLJYAESHAlGFMGNBuSfzmLSOKg/viewform?vc=0&c=0&w=1&flr=0>.

Child Care Providers may submit their requests and inquiries at:

https://docs.google.com/forms/d/e/1FAIpQLSfr-ebYMMObvzODbgjYDLYKH-jeV2HLuFGPO_8dXYx3VTjbug/viewform?vc=0&c=0&w=1&flr=0.

If the CCS program vendor is unable to fully resolve the request, inquiry, or issue within three (3) business days, you should reach out to MSDE via the email address or phone number below to receive additional, individualized support.

The MSDE-operated Child Care Central escalation inbox is: CCS2review.msde@maryland.gov

The contact information for ChildCareCentral2 is 877-227-0125.

MSDE commits to respond to emails within three (3) business days. MSDE also commits to return any unanswered calls to the primary ChildCareCentral2 phone line within three (3) business days.

It is our goal that with the increase in customer service staff at the CCS program vendor, MSDE dedicated customer service staff, the improvements identified above, and efficiencies embedded in the parent and provider portal once it is released, there will be a reduction in the amount of time providers are spending trying to support families through sending emails or making phone calls. We understand the burden on providers.

Summary

MSDE recognizes the need to do more than speak or implement stop-gap measures. MSDE hopes that the tangible policy changes and improvements will help address provider needs now and in the long-term. MSDE understands that even the most well-intentioned policy implementation plans may result in unforeseen and unintended consequences. MSDE will work to implement these changes as seamlessly as possible and commits to keeping the child care community updated along the way. MSDE will remain transparent and open about the implementation of all policies.

Appendix B: Legislative Text with Questions for this Study and Report

Ch. 525 HB995/SB920

(b) (1) (i) The State Department of Education shall study and make recommendations on establishing a process to expand access to subsidies under the Child Care Scholarship Program established under § 9.5–113 of the Education Article.

(ii) In conducting the study under subparagraph (i) of this paragraph, the Department shall consult with stakeholders and nationally recognized experts, including lead agencies in other states responsible for administering the federal Child Care Development Fund.

(2) The study conducted under paragraph (1) of this subsection shall include an investigation into a method to grant presumptive eligibility to an initial applicant for a subsidy under the Program, including a determination on:

- (i) a method for determining the level of support the individual should receive from the Program;*
- (ii) the appropriate length of time between the date of submission of an initial request for enrollment in the Program and submission of a complete application with all required documentation; and*
- (iii) the minimal length of time that an individual who is granted presumptive eligibility should receive a subsidy under the Program if the individual is later determined to be ineligible for the Program.*

(3) The study shall include an analysis of the effects of changes to the Program, including an analysis of:

- (i) the annual effect on Program participation of allowing individuals who have not pursued child support payments to participate in the Program;*
- (ii) whether the support programs listed in the bill are the appropriate programs to use in order to ensure that vulnerable families are not required to pay for child care; and*
- (iii) any additional support programs that should be used in addition to or instead of those listed in the bill.*

(4) The study shall include an investigation into the creation of a simplified form to be used by an individual applying to the Program.

(5) The study shall include an investigation into methods of aiding applicants to the Program in completing the application process, including the possibility of enlisting the voluntary participation of child care provider employees.

(c) The Department shall study and make recommendations on the practical steps needed to carry out the processes recommended under subsection (b) of this section, including

(1) the extent to which money provided by the federal government and State matching funds for the Program can be used to accomplish the goals listed under Ch. 526, Senate Bill 920 and the extent to which the State must provide separate funding;

(2) the need to alter or renegotiate any contracts used in the operation of the Program, and the earliest date on which those contracts could be altered or renegotiated;

(3) any statutory changes necessary to achieve the goals listed under Ch. 526, Senate Bill 920; and

(4) any additional State funding needed to continue to offer robust support through the Program for all individuals eligible under federal law.

Appendix C: Methodology

CLASP used a mixed-methods research approach to gather information from a variety of sources including, and perhaps most importantly, people who are directly impacted by these policies. Our approach included 1) engaging state administrators and other leaders in states that have implemented presumptive eligibility policies and removed child support enforcement requirements; 2) connecting with other state and national partners; 3) hosting focus groups with parents/caregivers and providers from across the state; 4) reviewing research and policy documents; and 5) analyzing data.

Engaging State and County Administrators

CLASP engaged via Zoom with administrators and staff in three states that currently implement presumptive eligibility: Delaware, Montana, and Wyoming, and one county (Monroe County, New York). We focused these conversations on gathering insight about the experience of implementing presumptive eligibility. We asked questions to understand how it happened, what was necessary to effectively put the policy into action, how it has worked, and what the major challenges and success were along the way.

CLASP also contacted nine states that recently removed child support enforcement as a requirement to access child care assistance: Arkansas, Kentucky, Maine, New York, New Mexico, North Carolina, Oklahoma, Virginia, and West Virginia. We incorporated the experiences and insights from the two states that responded into this report's recommendations and considerations.

Connecting with State and National Partners

CLASP engaged with state and national partners to gather their thoughts and learn from their expertise. These conversations took place over the course of many months. In Maryland, we spoke with the Maryland Family Network;⁴⁹ Maryland State Child Care Association;⁵⁰ Maryland State Family Child Care Association;⁵¹ Nonprofit Montgomery County;⁵² members of the Early Childhood Research Advisory Committee (ECRAC);⁵³ Family Resource Specialists and supervisors from 3 different counties;⁵⁴ one county department of social service workers;⁵⁵ and various MSDE Staff. While we also reached out to other Maryland organizations such as Latino Child Care Association of Maryland,⁵⁶ Family Child Care Association of Montgomery County,⁵⁷ the Family Child Care Alliance of Maryland,⁵⁸ Maryland Association for the Education of Young Children,⁵⁹ and an SEIU chapter in Maryland⁶⁰ in hopes of connecting and gathering insight, we did not get responses from these organizations. CLASP also engaged with national partners including the National Association of State Leaders in Early Education (NASLEE),⁶¹ the Urban Institute,⁶² the National Women's Law Center,⁶³ and the federal Administration for Children and Families (ACF).⁶⁴

Hosting Focus Groups with Parents/Caregivers and Providers

CLASP engaged with parents/caregivers, and child care providers across the state of Maryland. Using Zoom, we held seven listening sessions lasting 90 minutes, one of which was held for

Spanish speakers, and additional one-on-one interviews for those who were not able to attend during their scheduled time. We had 46 total participants in the focus groups.⁶⁵ To recruit participants, CLASP created an invitation with input from MSDE and Maryland partners. The invitation included a link for interested participants to complete a Qualtrics form⁶⁶ where they shared demographic information about themselves and their interest in participating in a focus group. We shared this invitation with Maryland partners and on Twitter to gain exposure. Parents/caregivers and providers were compensated a total of \$250 each for their time and expertise, as well as to cover child care for the time of our conversation. Participants were compensated using Ethn.io, a research participant management platform⁶⁷ that allowed them to select their method of compensation, which included gift cards, Venmo payment, or direct deposit.

By the end of our focus group recruitment effort, which initially lasted 7 days, we had received over 150 applicants. The registration remained open for an additional week to allow our team to reach out to additional parents/caregivers or providers. Ultimately, we had 233 people register for the focus groups. Our team narrowed down the participants based on several factors such as geographical location, race/ethnicity, income, and role to ensure a diversity in perspectives and experiences of participants. Our team invited 76 people to participate in the conversations, however, only 27 parents/caregivers, and 19 providers were fully present in the conversations. Of those who shared their occupations, we had six parents who were also working as child care providers or in a related field. A breakdown of the demographics of focus group participants and their home counties is included in Appendix E.

The focus groups were conducted on Zoom using a detailed discussion guide we carefully created with input from MSDE, Maryland Family Network, and Maryland State Child Care Association. Two CLASP staff members conducted the focus groups. One person facilitated the conversation, while the second collected notes on themes and quotes. The sessions were recorded and transcribed. To analyze this data, we uploaded each transcription into a qualitative data program called Dedoose and analyzed them by relevant themes. While Dedoose uses the term “code,” we are using it interchangeably with “theme.” By analyzing the prevalence of each theme, our team was able to glean participants’ thoughts regarding the application process for CCS, providers’ feelings regarding using or accepting the Child Care Scholarship, and the most common type of experiences that both parents/caregivers and providers encountered. Guided by the direct experiences of parents/caregivers and providers, the CLASP team was able to better understand how the program functions and shape recommendations for this report.

CLASP wished to speak with even more parents/caregivers and providers but was constrained by delayed administrative processes (on the MSDE side) that allowed only a short time frame for completing the focus groups and meaningfully connecting with additional parents/caregivers and providers. Additionally, focus groups always have their own set of challenges, particularly when conducted online. These disadvantages include unequal participation of participants, unstable internet connections, audio difficulties, interruptions from work or home, people’s understanding of how to use Zoom, and difficulty building rapport, among others. Furthermore, it

is important to note that while these focus groups were incredibly valuable in this study and in shaping our recommendations, as with all focus groups, they are in no way comprehensive or representative of the experiences of all providers and parents/caregivers in the state.

Reviewing Documents

To answer many of the questions outlined in the study, CLASP reviewed numerous reports, contracts, and other relevant documents. This included the Maryland Child Care Scholarship application, the Maryland CCDF state plan,⁶⁸ *Maryland Ready: Maryland's Path to School Readiness and Success Strategic Plan 2020-2025*,⁶⁹ *Blueprint for Maryland's Future*,⁷⁰ federal regulations, vendor contract documents,⁷¹ and the *Unrealized Potential of Child Care Scholarship in Maryland: What the Providers Told Us*.⁷² The team carefully reviewed each of the documents for two primary reasons (1) to inform our answers to the questions outlined in Ch. 525 HB995/SB920 and/or (2) to gather information for providing critical feedback or suggested adjustments to some of the documents such as the application and the vendor contract.

Research

To inform additional recommendations and gain important knowledge, CLASP used information from online searches, databases such as the Urban Institute's CCDF Policies Database,⁷³ other states' CCDF plan and policy manuals, and more. This research helped shape all our recommendations, but specifically, those on which programs or populations to waive the Child Care Scholarship co-payments; what child support enforcement policies look like around the country and the impact of removing this policy; and what presumptive eligibility policies look like in states around the country and how MSDE can adopt some of those processes.

Analyzing Quantitative Data

CLASP's mixed-methods approach relied on the collection and analysis of quantitative data from two main sources: data collected from the Office of Child Care (OCC)—an office of the Administration for Children and Families (ACF)—and CCS program application data. Data collected from ACF supported analyses of CCDF federal funding, state spending, and state program statistics such as child and provider participation; types of providers receiving funds; and demographic characteristics of children served. We used these data to create descriptive statistics that denoted changes over time related to funding, participation, and child and provider demographics. The collection of CCS application data for years 2018–2022 supported analyses of family CCS program eligibility status, eligibility denial reasons, days-to-eligibility determination, and family demographic characteristics such as race/ethnicity and language. For CCS family application data, CLASP worked closely with the Regional Economic Studies Institute (RESI) at Towson University and MSDE staff who collected and cleaned data from the Child Care Automatic Tracking System (CCATS) based on the available data. RESI staff also provided support in cleaning the requested data. CLASP decided to use 2018–2022 data in the report to provide two years of pre-COVID data and avoid solely using data that reflect the impacts from the COVID-19 pandemic.

To determine the additional cost to states, CLASP analyzed data from ACF, MSDE, and the U.S.

Census Bureau’s ACS. We used these data sources to estimate the number of potentially eligible children and families as well as the cost to serve those additional children and families. Data collected from ACF detailed total state spending and the annual average monthly children and families served in Maryland; we used this as the basis for the estimated cost to serve each child and family in the state. Data collected from ACS provided the estimate of potentially eligible children in Maryland. The available ACS variables allowed CLASP to create parameters around which children were included in the estimate. These parameters reflect state eligibility criteria for child’s age, family income, and parent work status. Finally, we used MSDE CCS application data to estimate the number of potentially eligible families. The families included in the estimate were selected based on application denial reasons that were closely associated with focus group and interview responses that indicated additional administrative burdens for families in submitting all required materials in the allowable time frame, including: *documentation not returned, failed to provide proof of identity, and child support enforcement not met*. We applied the per-child costs to the potentially eligible children identified through ACS and the per-family costs to the potentially eligible families identified through MSDE CCS family applications, as these data were only available at the household level. Each of these costs were provided as a range that, at the high end, includes all the identified children and families, and, at the low end, only includes half of all identified children and families.

To calculate the per-child cost, we used the following data:

- ACF data for the number of children served in Maryland in 2019⁷⁴
- Total CCDF spending by Maryland in 2019⁷⁵
- Congressional Budget Office (CBO) economic outlook data from 2020-2022 to calculate inflationary adjustments⁷⁶

To calculate the per-family cost, we used the following data:

- ACF data for the number of families served in Maryland in 2019⁷⁷
- Total CCDF spending by Maryland in 2019
- Congressional Budget Office (CBO) economic outlook data from 2020-2022 to calculate inflationary adjustments⁷⁸

To calculate the number of potentially eligible children, we used the following data:

- American Community Survey data to estimate the number of potentially eligible children in Maryland—based on state eligibility policies⁷⁹
- ACF data for the number of children served in Maryland in 2019⁸⁰

To calculate the number of potentially eligible families, we used the following data:

- ACF data for the number of families served in Maryland in 2019⁸¹
- MSDE CCS family application data

The data provided by RESI on MSDE CCS applications were structured as family-level application data that denote the household size but do not distinguish how many children in the household

would potentially be enrolled in care. In addition, these data did not indicate how many children within these families, once approved, actually enrolled and used services funded through CCS. Therefore, we revised the original set of questions and request submitted to align with the format and structure of data collected through CCATS by RESI. Additionally, CLASP used ACF data to further supplement the available CCS application data and create a holistic view and analysis of family access. However, this is a conservative estimate since not all the necessary state requirements/eligibility criteria are available through ACS. This means that the estimated number of potentially eligible children is likely understated. In addition, while this is the “universe” of potentially eligible children in Maryland based on available variables, this does not mean all children included in the estimate would have parents/caregivers who would apply and access services.

The data collected from ACF show the number of children and families served in a particular year. However, the most recent year of complete data from ACF (which are used to calculate per-child and per-family costs) were from 2019, requiring that both analyses use data from 2019. As such, we inflated the estimates for per-child and per-family costs to estimate what these costs would be in 2023.

Controlling for Bias

Given the nature of this research report, CLASP worked diligently to center objectivity and remove bias in our design and procedures whenever possible. CLASP worked to objectively select focus group participants and used software to analyze the qualitative data. Most staff who worked on this project were not involved with prior state legislative advocacy. CLASP, however, is a nonprofit advocacy organization whose mission is to ensure policies positively impact families and individuals with low incomes, and that core mission drives all of the work we do.

Overall Challenges and Limitations

Many overall challenges limited CLASP throughout the process. As mentioned above, time and capacity were significant challenges. Although CLASP began diligently working on the study and report in July 2022, the signed grant agreement detailing the specifications of the report was not delivered until late September 2022, which significantly delayed the focus group process and required us to complete the focus groups while also working to write and summarize the findings in this report. The tight timeline was complicated even more by the turnover within MSDE and the lack of staff capacity to answer important questions in a timely manner. CLASP also relied heavily on responses from other states, and engagement and responses from requested people varied for many aspects of the report. CLASP also was limited in some of the recommendations we could make on mostly redacted documents—particularly in reference to contract changes. Moreover, we obtained these documents around the same time as the delayed delivery of the signed grant agreement. Beyond challenges and limitations with the project and data as mentioned in the previous section, we have highlighted additional limitations throughout the report.

Appendix D: Child Support Enforcement

The CLASP Child Care and Early Education team reached out to nine states that recently removed child support enforcement as a requirement for child care assistance. Those states were: Arkansas, Kentucky, Maine, New York, New Mexico, North Carolina, Oklahoma, Virginia, and West Virginia.

States who recently enforced or still enforce child support:⁸²

Child support enforcement and child care assistance	Required child support enforcement in 2018 <i>Source: Mathematica report</i>	Required child support enforcement in 2021 <i>Source: State statutory and administrative codes</i>
Arkansas		X
Colorado	X	*
Connecticut	X	X
Idaho	X	X
Kansas	X	X
Kentucky		X
Maine		X
Maryland	X	X
Michigan	X	X
Minnesota	X	X
Mississippi	X	X
Montana	X	X
Nebraska	X	X
New York	X	
New Mexico	X	
North Carolina	X	
Oklahoma	X	

Rhode Island	X	X
South Dakota	X	X
Texas	X	*
Vermont	X	
Virginia	X	
West Virginia	X	
Wisconsin	X	X

**Denotes states in which counties are authorized to enforce a child support enforcement policy*

Appendix E: Focus Groups

Invitation used to recruit participants:

YOU ARE INVITED!

The Center for Law and Social Policy (CLASP), in partnership with the Maryland Department of Education (MSDE), is seeking insight on your experience with the state Child Care Scholarship program! The information collected will be used to inform a report written by CLASP for MSDE on how to implement recent program modifications that were passed by the state legislature.

Who

We are looking for any parent or provider who has experience with the Maryland child care scholarship.

Where

Online! Conversations will be 1.5 hours and take place on Zoom.

When

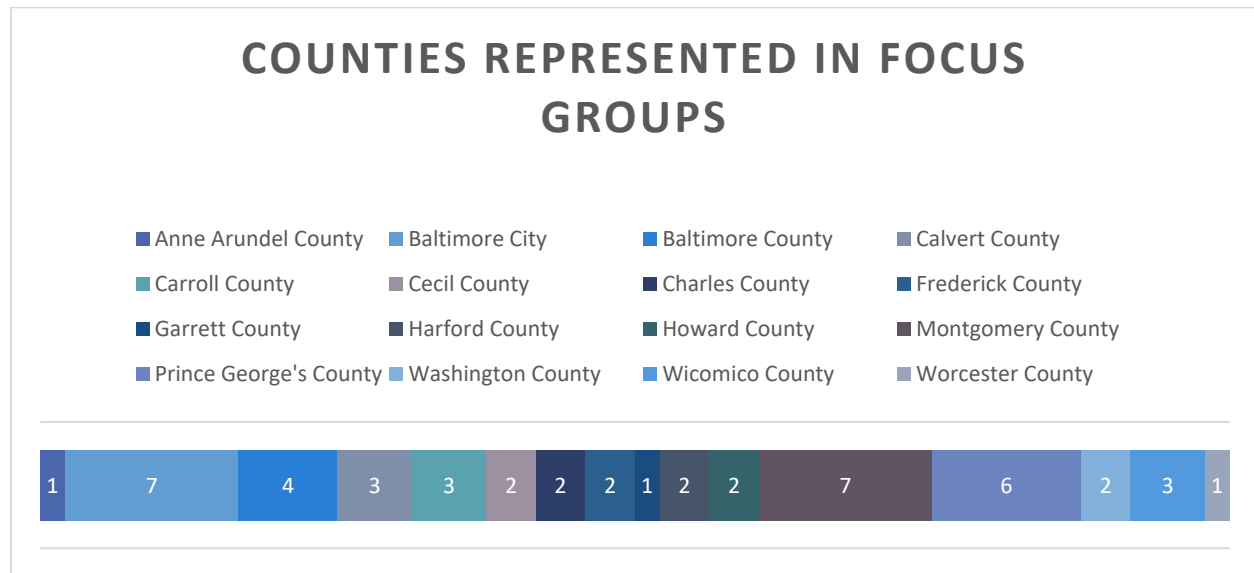
Conversations will take place the week of October 3rd.

Payment

Participants in virtual sessions will be provided a \$250 gift card to cover their time and associated child care costs.

To register scan QR code or go to bit.ly/3Cc66Xo



Counties represented in focus groups:

The graphic above is a representation of the participants who joined the focus groups. CLASP worked with partners to recruit parents/caregivers and providers. We had an overrepresentation of participants in several counties including Baltimore County, Baltimore City (which was counted as a county for the purpose of this study), Montgomery County, and Prince George's County. CLASP invited participants from missing counties including Talbot County, St. Mary's County and Caroline County who did not participate in the conversations. After the initial recruitment, we recruited participants from additional counties including Kent County; however, due to limited time, it was not possible to invite them to participate in the focus groups.

Appendix F: Data Tables

2018

Application Determination	Number of Applications	Percentage of Applications by Determination Status
Approved	11,287	62%
Wait List	168	1%
Denied	6,818	37%

Race	Total Applications		Approved Applications		Denied Applications		Waitlist Applications	
	#	%	#	%	#	%	#	%
American Indian or Alaskan Native	133	1%	62	1%	71	1%	0	0%
Asian	244	1%	118	1%	124	2%	2	1%
Black or African American	13,655	75%	8,802	78%	4,726	69%	127	76%
Native Hawaiian or Other Pacific Islander	37	0%	22	0%	15	0%	0	0%
White	3,568	20%	1,926	17%	1,610	24%	32	19%
Multi-racial	403	2%	243	2%	155	2%	5	3%
Blank	233	1%	114	1%	117	2%	2	1%
Totals	18,273	100%	11,287	62%	6,818	37%	168	1%

Applications by Ethnicity	Number of Applications	Percentage of Applications
Non - Hispanic or Latino	17,203	94%
Hispanic or Latino	1,062	6%

Application Denial Reason	Number of Applications Denied per Denial Reason	Percentage of Denied Applications	Percentage of All Applications
Child Support Requirement Not Met	362	5%	2%
Current TCA or SSI or Active Schedule Required	93	1%	1%

Application Denial Reason	Number of Applications Denied per Denial Reason	Percentage of Denied Applications	Percentage of All Applications
Documentation Not Returned	4,023	59%	22%
Failed to Provide Proof of Identity	423	6%	2%
Lack Of Citizenship	5	0%	0%
Moved Out of State	2	0%	0%
No activity Schedule	387	6%	2%
No Child Age Eligible	7	0%	0%
No Service Need	54	1%	0%
Over Income	1,447	21%	8%
Required Activity Schedule or Unable to Care	15	0%	0%
Blanks	0	0%	0%

Days Until Determination for Applications Denied due to "Documentation Not Returned"			
< 30 days	30 - 45 days	46 - 60 days	60 + days
1,600	2,364	25	34

2019

Application Determination	Number of Applications	Percentage of Applications by Determination Status
Approved	11,751	57%
Wait List	0	0%
Denied	8,741	43%

Race	Total Applications		Approved Applications		Denied Applications		Waitlist Applications	
	#	%	#	%	#	%	#	%
American Indian or Alaskan Native	154	1%	76	1%	78	1%	0	0%
Asian	321	2%	162	1%	159	2%	0	0%
Black or African American	15,074	74%	8,875	76%	6,199	71%	0	0%
Native Hawaiian or Other Pacific Islander	46	0%	22	0%	24	0%	0	0%
White	4,128	20%	2,188	19%	1,940	22%	0	0%
Multi-racial	470	2%	276	2%	194	2%	0	0%
Blank	299	1%	152	1%	147	2%	0	0%
Totals	20,492	100%	11,751	57%	8,741	43%	0	0%

Applications by Ethnicity	Number of Applications	Percentage of Applications
Non - Hispanic or Latino	19,209	94%
Hispanic or Latino	1,275	6%

Application Denial Reason	Number of Applications Denied per Denial Reason	Percentage of Denied Applications	Percentage of All Applications
Child Support Requirement Not Met	409	5%	2%
Current TCA or SSI or Active Schedule Required	40	1%	0%
Documentation Not Returned	6,888	79%	34%
Failed to Provide Proof of Identity	132	2%	1%
Lack Of Citizenship	4	0%	0%
Moved Out of State	3	0%	0%
No activity Schedule	514	6%	3%
No Child Age Eligible	7	0%	0%
No Service Need	87	1%	0%

Application Denial Reason	Number of Applications Denied per Denial Reason	Percentage of Denied Applications	Percentage of All Applications
Over Income	652	8%	3%
Required Activity Schedule or Unable to Care	5	0%	0%
Blanks	0	0%	0%

Days Until Determination for Applications Denied due to "Documentation Not Returned"			
< 30 days	30 - 45 days	46 - 60 days	60 + days
6,122	686	22	58

2020

Application Determination	Number of Applications	Percentage of Applications by Determination Status
Approved	5,658	54%
Wait list	0	0%
Denied	4,785	46%

Race	Total Applications		Approved Applications		Denied Applications		Waitlist Applications	
	#	%	#	%	#	%	#	%
American Indian or Alaskan Native	72	1%	38	1%	34	1%	0	0%
Asian	164	2%	74	1%	90	2%	0	0%
Black or African American	6,888	66%	3,897	69%	2,991	63%	0	0%
Native Hawaiian or Other Pacific Islander	25	0%	9	0%	16	0%	0	0%
White	2,672	26%	1,344	24%	1,328	28%	0	0%
Multi-racial	244	2%	142	3%	102	2%	0	0%
Blank	378	4%	154	3%	224	5%	0	0%
Totals	10,443	100%	5,658	54%	4,785	46%	0	0%

Applications by Ethnicity	Number of Applications	Percentage of Applications
Non - Hispanic or Latino	9,735	93%
Hispanic or Latino	704	7%

Application Denial Reason	Number of Applications Denied per Denial Reason	Percentage of Denied Applications	Percentage of All Applications
Child Support Requirement Not Met	121	3%	1%
Current TCA or SSI or Active Schedule Required	13	0%	0%
Documentation Not Returned	4,031	84%	39%
Failed to Provide Proof of Identity	13	0%	0%
Lack Of Citizenship	0	0%	0%
Moved Out of State	1	0%	0%
No activity Schedule	70	2%	1%
No Child Age Eligible	2	0%	0%
No Service Need	23	0%	0%
Over Income	509	11%	5%
Required Activity Schedule or Unable to Care	2	0%	0%

Days Until Determination for Applications Denied due to "Documentation Not Returned"

< 30 days	30 - 45 days	46 - 60 days	60 + days
2,564	1,333	55	79

2021

Application Determination	Number of Applications	Percentage of Applications by Determination Status
Approved	4,726	29%
Denied	11,447	71%
Wait list	0	0%

Race	Total Applications		Approved Applications		Denied Applications		Waitlist Applications	
	#	%	#	%	#	%	#	%
American Indian or Alaskan Native	135	1%	39	1%	96	1%	0	0%
Asian	274	2%	61	1%	213	2%	0	0%
Black or African American	10,854	67%	3,356	71%	7,498	66%	0	0%
Native Hawaiian or Other Pacific Islander	49	0%	11	0%	38	0%	0	0%
White	3,620	22%	1,060	22%	2,560	22%	0	0%
Multi-racial	372	2%	89	2%	283	2%	0	0%
Blank	869	5%	110	2%	759	7%	0	0%
Totals	16,173	100%	4,726	29%	11,447	71%	0	0%

Applications by Ethnicity	Number of Applications	Percentage of Applications
Non - Hispanic or Latino	14,858	92%
Hispanic or Latino	1,307	8%


Application Denial Reason	Number of Applications Denied per Denial Reason	Percentage of Denied Applications	Percentage of All Applications
Child Support Requirement Not Met	194	2%	1%
Current TCA or SSI or Active Schedule Required	10	0%	0%

Documentation Not Returned	10,587	92%	65%
Failed to Provide Proof of Identity	31	0%	0%
Lack Of Citizenship	5	0%	0%
Moved Out of State	4	0%	0%
No activity Schedule	111	1%	1%
No Child Age Eligible	0	0%	0%
No Service Need	4	0%	0%
Over Income	501	4%	3%
Required Activity Schedule or Unable to Care	0	0%	0%

Days Until Determination for Applications Denied due to “Documentation Not Returned”			
< 30 days	30 - 45 days	46 - 60 days	60 + days
1,529	8,642	321	95

Appendix G: Child Care Applications from other States/County who have a Presumptive Eligibility Policy

- Delaware: https://dhss.delaware.gov/dhss/dss/files/Form100_Application_42016ENGLISH.pdf
- Montana: <https://dphhs.mt.gov/assets/ecfsd/EligibilityApplicationPacket060.2020v2.pdf>
- Wyoming: https://drive.google.com/file/d/1KbqhnjLd3d_RxEGEoiCDqDFAeRg_j57J/view
- Monroe County, NY: <https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.monroecounty.gov%2Ffiles%2Fhs%2FOCFS-6025%2520-%2520Fillable%2520Form.docx&wdOrigin=BROWSELINK>
 - Cover Page for Monroe County below:



Department of Human Services
Monroe County, New York

Adam J. Bello
County Executive

Thalia Wright
Commissioner

DAYCARE APPLICATION PACKET

Dear Sir or Madam,

You recently requested an application for Child Care Assistance.

You may be eligible for temporary immediate child care assistance when you provide;

- a completed application with all of the questions answered
- proof of any earned and unearned income (4 current consecutive week gross wage verification (i.e. copies of paystubs)
- verification of need for care (i.e. verification of work hours from your employer)

Please check this box if you've provided the three items listed above.

Enclosed in accordance with your request are:

- Instructions for Daycare Providers and Parents in an Approved Activity (see reverse)
- Application for Child Care Assistance (OCFS 6025)
- How to complete the Application for Child Care Assistance (OCFS 6026)
- An Application Information Booklets Summary Sheet
- A Child Care Statement (MCDHS 932)
- Self-Attestation Absent Parent Form
- An Employer's Statement to be completed by your employer (MCDHS 729)
- Work Schedule Form to be completed by your employer
- Proof of Citizenship is a requirement for child care.

Please answer all of the questions on the application completely to ensure your Application Packet is properly screened and sent to the appropriate unit for processing. Please refer to the instructions provided for the Child Care Services Application.

Return the completed application and applicable forms to:

Monroe County Department of Human Services
111 Westfall Rd, Room 360
Rochester, NY 14620

Application and documentation may also be faxed to:

Child Care Team
Phone: 585-753-6316

111 Westfall Road • Rochester, New York 14620
(585) 753-6298 • fax: (585) 753-6296 • www.monroecountyny.gov

2020-3-12

Appendix H: State Match

Over the last three years for which data are available—Grant Year (GY) 2018⁸³, GY 2019⁸⁴, and GY 2020⁸⁵—Maryland has either met or exceeded the required state match amount needed to pull down all available federal CCDF funds.

Year	State Matching Funds 2018-2020
2018	\$30,489,635
2019	\$31,301,105
2020	\$31,558,992

Endnotes

¹ CLASP is a national, nonpartisan, anti-poverty policy organization. CLASP understands that poverty in America is inextricably tied to systemic racism. Therefore, we will explicitly and with intention, focus our policy and advocacy efforts for economic and racial justice on systemic racism as the primary cause of poverty in communities of color in the United States. We believe that centering communities of color in our advocacy leads to policies that advance economic justice for everyone. We work in partnership with the people most impacted to advance policies that promote racial and economic justice.

² Special Supplemental Nutrition Program for Women, Infants and Children (WIC), the Supplemental Nutrition Program (SNAP), Temporary Cash Assistance (TCA), Supplemental Security Income (SSI), and Federal Housing Vouchers.

³ A complete list of social services, programs, and circumstance that may allow for families to qualified for waived co-payments can be found at

https://earlychildhood.marylandpublicschools.org/system/files/filedepot/3/co-payment_agreement.pdf.

⁴ For a child to receive assistance through CCDF, the child must be under 13 years of age or under age 19 in some circumstances as determined by the state lead agency; reside with a family whose income does not exceed 85 percent of the state's median income (SMI); and reside with a parent(s) who are working or attending a job training or educational program.

⁵ CLASP arrived at this cost by dividing the inflated cost to serve families (\$18,846) by 12 to get the monthly cost to serve each family. We then multiplied it by 2 to get the cost to serve the family for two months or approximately 60 days.

⁶ This is the average number of denied applications from 2018 to 2022 for the following denial reasons: *Lack of Citizenship, No Activity Schedule, No Child Age Eligible, Over Income*.

⁷ The low end of this estimate assumes that 50 percent of eligible families would access the program and, the high end assumes that all eligible families (100 percent) would access the program.

⁸ The low end of this estimate assumes that 50 percent of eligible children would access the program and, the high end assumes that all eligible families (100 percent) would access the program.

⁹ Federal law assumes that all children who are U.S. citizens or qualified residents and in families with incomes under 85 percent SMI with all available parents working would be eligible.

¹⁰ Parker Gilkesson, "Looking for fraud in all the wrong places," The Hill, May 2022,

<https://thehill.com/blogs/congress-blog/3478873-looking-for-fraud-in-all-the-wrong-places/>.

¹¹ Maryland's child care scholarship program (CCS) is the state's child care subsidy program operating under the Child Care Development Fund (CCDF). The individual financial assistance provided to families with low incomes through CCDF is often referred to as a "subsidy" or "voucher." However, in Maryland, they are referred to as a "scholarship." The use of these terms varies throughout this study depending on whether the reference is to the Maryland program (scholarship), CCDF programs more generally (subsidy), or the term often used by providers and parents/caregivers (voucher).

¹² CLASP knows the importance of language awareness and made several conscious decisions on word choices throughout this report. Although the legislation often refers to the word "stakeholders," because of its problematic etymology, especially in reference to Indigenous communities, it will not be used in this report. CLASP will instead use words such as partner, contributor, or community member. For a list of preferred terms, please visit https://www.cdc.gov/healthcommunication/Preferred_Terms.html.

¹³ Alycia Hardy and Alejandra Londono Gomez, *Child Care Assistance Spending and Participation in 2019*, CLASP, August 2022, https://www.clasp.org/wp-content/uploads/2022/08/2022.8.11_Child-Care-Assistance-Spending-and-Participation-in-2019_updated.pdf.

¹⁴ Throughout this report we use parents/caregivers collectively to be inclusive of all those who may care for or act in the role of parent for children.

¹⁵ Maryland General Assembly House of Delegates, "Early Childhood Development - Child Care Scholarship Program - Alterations and Study," HB 0995, Enacted under Article II, Section 17(c) of the Maryland Constitution - Chapter 525, July 2022,

<https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/HB0995?ys=2022RS>.

¹⁶ Parker Gilkesson, "Looking for fraud in all the wrong places," The Hill, May 2022,

<https://thehill.com/blogs/congress-blog/3478873-looking-for-fraud-in-all-the-wrong-places/>.

¹⁷ Gina Adams and Hannah Matthews, "Confronting the Child Care Eligibility Maze," CLASP and Urban Institute, December 2013, <https://www.clasp.org/wp-content/uploads/2022/01/WSS-CC-Paper.pdf>.

¹⁸ Gina Adams and Hannah Matthews, *Confronting the Child Care Eligibility Maze*.

¹⁹ Child Care and Development Fund Program, 45 C.F.R. § 98.33,

<https://www.federalregister.gov/documents/2016/09/30/2016-22986/child-care-and-development-fund-ccdf-program#p-431>.

²⁰ Code for America, "Bringing social safety net benefits online," Integrated Benefits Initiative, August 2019,

<https://www.codeforamerica.org/features/bringing-social-safety-net-benefits-online/>

²¹ States that currently enforce child support include Connecticut, Idaho, Kansas, Maryland, Michigan, Minnesota, Mississippi, Montana, Nebraska, Rhode Island, South Dakota, Vermont, and Wisconsin. Additionally, two states—Colorado and Texas—authorize counties to enforce this policy.

²² The low end of this estimate assumes that 50 percent of families previously denied for this policy would access the program and, the high end assumes that all families previously denied for this reason would access.

²³ Special Supplemental Nutrition Program for Women, Infants and Children (WIC), the Supplemental Nutrition Program (SNAP), Temporary Cash Assistance (TCA), Supplemental Security Income (SSI) and Federal Housing Vouchers.

²⁴ A complete list social services, programs and circumstances that may allow for families to qualified for waived co-payments can be found at

https://earlychildhood.marylandpublicschools.org/system/files/filedepot/3/co-payment_agreement.pdf.

²⁵ Michael Karpman, Dulce Gonzalez, Stephen Zuckerman, and Gina Adams, *What Explains the Widespread Material Hardship among Low-Income Families with Children?*, Urban Institute, December 2018,

https://www.urban.org/sites/default/files/publication/99521/what_explains_the_widespread_material_hardship_among_low-income_families_with_children_0.pdf.

²⁶ The National Academy for State Health Policy, "Maryland CHIP Fact Sheet," 2019,

[https://www.nashp.org/maryland-chip-fact-sheet/#:~:text=Program%20type%3A%20Maryland%20operates%20a,Children%20Health%20Program%20\(MCHP\)](https://www.nashp.org/maryland-chip-fact-sheet/#:~:text=Program%20type%3A%20Maryland%20operates%20a,Children%20Health%20Program%20(MCHP)).

²⁷ "Unemployment Insurance in Maryland" Maryland Department of Labor,

<http://www.dllr.state.md.us/employment/clmtguide/uiclmt pamphlet.pdf>

²⁸ "Who is eligible for Medicare." U.S Department of Health and Human

Services <https://www.hhs.gov/answers/medicare-and-medicaid/who-is-eligible-for-medicare/index.html>.

²⁹ Rajan Anthony Sonik, Susan L Parish, Monika Mitra, et al., "Parents With and Without Disabilities: Demographics, Material Hardship, and Program Participation," *Review of Disability Studies: An International Journal*, 14, No. 4 (December 2018), <https://rdsjournal.org/index.php/journal/article/view/822>.

³⁰ Duncan Stewart, Michael Gossop, Katia Trakada, "Drug dependent parents: childcare responsibilities, involvement with treatment services, and treatment outcomes," National Library of Medicine, December 2006,

<https://pubmed.ncbi.nlm.nih.gov/17196752/>.

³¹ For a child to receive assistance through CCDF, the child must be under 13 years of age or under age 19 in some circumstances as determined by the state lead agency; reside with a family whose income does not exceed 85 percent of the state's median income (SMI); and reside with a parent(s) who are working or attending a job training or educational program.

³² Simon Workman, *The true cost of High-Quality Child Care Across the United States*, Center for American Progress, June 2021, <https://www.americanprogress.org/article/true-cost-high-quality-child-care-across-united-states/>.

³³ Maryland State Department of Education - Division of Early Childhood, "Child Care Scholarship Program," 2022, <https://earlychildhood.marylandpublicschools.org/child-care-providers/child-care-scholarship-program>.

³⁴ For more recommendations on how to simplify the eligibility process visit: <https://www.clasp.org/wp-clasp.org content/uploads/2022/01/WSS-CC-Paper.pdf>.

³⁵ U.S. Department of Health and Human Services: Head Start Early Learning and Knowledge Center – "SNAP Eligibility for Head Start Services," Administration for Children and Families, May 2022,

<https://eclkc.ohs.acf.hhs.gov/eligibility-ersea/article/snap-eligibility-head-start-services>.

³⁶ Administration for Children and Families, "Using CCDF to Improve Compensation for the Child Care

Workforce,” Office of Child Care, last modified September 12, 2022, <https://www.acf.hhs.gov/occ/policy-guidance/ccdf-acf-im-2022-02>.

³⁷ Code of Regulations, “Program Integrity,” National Archives, last modified September 25, 2022,

<https://www.ecfr.gov/current/title-45/subtitle-A/subchapter-A/part-98/subpart-G/section-98.68>.

³⁸ CLASP arrived at this cost by dividing the inflated cost to serve families (\$18,846) by 12 to get the monthly cost to serve each family. We then multiplied it by 2 to get the cost to serve the family for two months or approximately 60 days.

³⁹ This is the average number of denied applications from 2018 to 2022 for the following denial reasons: *Lack of Citizenship, No activity Schedule, No Child Age Eligible, Over Income*.

⁴⁰ This estimated number of families was derived from MSDE family application data and the average number of families, over the last five years, whose application was denied but could potentially be eligible under the revised policy.

⁴¹ More information on how these data were structured, the sources used for the calculations, as well as assumptions made can be found in the methodology section.

⁴² Federal law assumes that all children who are U.S. Citizens or qualified residents and are in families with incomes under 85 percent SMI with all available parents working would be eligible.

⁴³ The ACS data used to estimate the pool of eligible children in Maryland considers state eligibility parameters including initial income eligibility criteria; parent eligibility activities; and children below age 13. The number of children served in 2019 according to ACF (18,300) was removed from the ACS pool of eligible children (305,566), to avoid double counting children who are already served for a total count of 287,266 potentially eligible children. The estimated cost for each child is based on total state spending in 2019 divided by the number of children served during that year. That cost was inflated to reflect the inflationary change of those costs from 2019 to 2023 and applied to each of those individual children.

⁴⁴ The low end of this estimate assumes that 50 percent of eligible families would access the program and, the high end assumes that all eligible families (100 percent) would access the program.

⁴⁵ Therefore, the pool of potentially eligible families is based on the above percentages applied to the average number of denied applications from 2018 – 2021. The cost for each of these families is based on the total number of families served in 2019 and total state spending in that year according to ACF. That cost was inflated to reflect the inflationary change of those costs from 2019 to 2023 and applied to each of those individual families.

⁴⁶ The Family Tree Baltimore City Child Care Resource Center, Baltimore City Child Care Coalition, Maryland Family Network, et al., *The Unrealized Potential of Child Care Scholarship in Maryland: What the providers told us*, September 2020, <https://www.marylandfamilynetwork.org/sites/default/files/2022-09/The%20Unrealized%20Potential%20of%20CCS%20in%20Md.pdf>.

⁴⁷ National Association of State Budget Officers (NASBO), “2021 Budget Processes in the States,” 2021, https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/Budget%20Processess/NASBO_2021_Budget_Processes_in_the_States_S.pdf.

⁴⁸ Parker Gilkesson, *Looking for fraud in all the wrong places*.

⁴⁹ Maryland Family Network, <https://www.marylandfamilynetwork.org/>.

⁵⁰ Maryland State Child Care Association, <https://mscca.org/>.

⁵¹ Maryland State Family Child Care Association, <https://www.msfccca.org/>.

⁵² Nonprofit Montgomery County, <https://www.nonprofitmoco.org/>.

⁵³ Maryland Early Childhood Research Advisory Committee, <https://earlychildhood.marylandpublicschools.org/md-early-childhood-research-advisory-group>.

⁵⁴ Family Resource Specialists are case workers who help families seeking child care. These workers provide information to families on where to locate child care and also provide support for families during the application process for the CCS.

⁵⁵ Maryland Local Departments of Social Services, <https://msa.maryland.gov/msa/mdmanual/01glance/html/social.html#local>.

⁵⁶ Latino Child Care Association of Maryland, <https://latinochildcareassociationmd.com/en/>.

⁵⁷ Family Child Care Association of Montgomery County, <https://fccamc.org/>.

⁵⁸ Family Child Care Alliance of Maryland, <https://www.familychildcarealliance.org/>.

⁵⁹ Maryland Association for the Education of Young Children, <https://mdaeyc.org/>.

⁶⁰ SEIU, https://www.1199seiu.org/maryland_dc.

⁶¹ National Association of State Leaders in Early Education, <https://www.naecs-sde.org/>.

⁶² Urban Institute, <https://www.urban.org/>.

⁶³ National Women’s Law Center, <https://nwlc.org/>.

⁶⁴ Administration for Children and Families, <https://www.acf.hhs.gov/>.

⁶⁵ Although 21 providers participated in the conversation, 2 providers were not fully present in the conversation. These two providers were offered an additional one-on-one conversation, as we understand that circumstance can change, and their work may not have allowed them to fully participate. Neither participant responded to the request for an additional conversation. These providers were not provided with a payment as they did not fully participate in the conversation. Both providers reported being from Baltimore County, and they were not included in the demographics shown in Appendix E.

⁶⁶ Qualtrics is an online survey software that allows researchers to customize surveys with intuitive tools and perform quantitative data analysis on survey data received, <https://www.qualtrics.com>.

⁶⁷ Eethn.io, <https://ethn.io/>.

⁶⁸ Maryland State Department of Education, “Child Care and Development Fund (CCDF) Plan for Maryland FFY 2022-2024,”

https://earlychildhood.marylandpublicschools.org/system/files/filedepot/12/ffy2022_2024_ccdf_plan_a_approved.pdf.

⁶⁹ Maryland State Department of Education, “Maryland Ready: Maryland’s Path to School Readiness and Success Prenatal to Age 8 Strategic Plan 2020-2025,” 2020,

https://earlychildhood.marylandpublicschools.org/system/files/filedepot/3/for_release_maryland_ready_-_a_path_to_school_readiness_and_success_6.pdf.

⁷⁰ Maryland General Assembly House of Delegates, “Blueprint for Maryland’s Future” HR 1300 of the 2020 Regular Session, Gubernatorial Veto Override, February 12, 2021,

<https://www.marylandpublicschools.org/Blueprint/Pages/StateBill.aspx>.

⁷¹ The vendor refers to Deloitte, which is the company that houses the centralized child care system for the State of Maryland. The vendor plays a crucial role as the entity charged with providing customer service for families and providers, making final determination of eligibility for families, and processing payments for providers.

⁷² The Family Tree Baltimore City Child Care Resource Center, et al., *The Unrealized Potential of Child Care Scholarship in Maryland: What the providers told us*.

⁷³ Office of Planning, Research & Evaluation - the Administration for Children & Families, and The Urban Institute, “The Child Care and Development Fund (CCDF) Policies Database,” <https://ccdf.urban.org/search-database>.

⁷⁴ U.S. Department of Health and Human Services: Office of Child Care – Administration for Children & Families, “FY 2019 Final Data Table 1 - Average Monthly Adjusted Number of Families and Children Served,” May 2022,

<https://www.acf.hhs.gov/occ/data/fy-2019-final-data-table-1>.

⁷⁵ U.S. Department of Health and Human Services: Office of Child Care – Administration for Children & Families, “Table 4a - All Expenditures by State- Categorical Summary (FY 2019),” January 2021,

<https://www.acf.hhs.gov/occ/data/table-4a-all-expenditures-state-categorical-summary-fy-2019>

⁷⁶ Congressional Budget Office, “An Update to the Budget and Economic Outlook: 2021 to 2031,” July 2021, <https://www.cbo.gov/system/files/2021-07/57218-Outlook.pdf>.

Congressional Budget Office “The Budget and Economic Outlook: 2022 to 2032,” May 2022,

<https://www.cbo.gov/system/files/2022-05/57950-Outlook.pdf>.

⁷⁷ U.S. Department of Health and Human Services: Office of Child Care – Administration for Children & Families, “FY 2019 Monthly Number of Families and Children Served,” <https://www.acf.hhs.gov/occ/data/fy-2019-ccdf-data-tables-final>.

⁷⁸ Congressional Budget Office, “An Update to the Budget and Economic Outlook: 2021 to 2031,” July 1, 2021, <https://www.cbo.gov/publication/57218#:~:text=An%20Update%20to%20the%20Budget%20and%20Economic%20Outlook%3A,grow%20by%207.4%20percent%20in%20calendar%20year%202021>.

⁷⁹ Due to the limitations of ACS to capture parent eligibility activity requirements beyond work, the estimated number of eligible children is a conservative estimate since parents are also eligible if they attend school, job training, and other education related activities. The pool of potentially eligible children could be larger when these allowable activities are factored in. The criteria used to determine the number of eligible children included

family income below 75 percent SMI, all available parents working, and children ages 0-12 years old.

⁸⁰ U.S. Department of Health and Human Services: Office of Child Care – Administration for Children & Families, “FY 2019 Monthly Number of Families and Children Served,” <https://www.acf.hhs.gov/occ/data/fy-2019-ccdf-data-tables-final>.

⁸¹ U.S. Department of Health and Human Services: Office of Child Care – Administration for Children & Families, “FY 2019 Monthly Number of Families and Children Served,” <https://www.acf.hhs.gov/occ/data/fy-2019-ccdf-data-tables-final>.

⁸² National Conference of State Legislatures (NCSL), Child Support Enforcement as a Requirement for Child Care Assistance, December 2021.

⁸³ U.S. Department of Health and Human Services: Office of Child Care – Administration for Children & Families, “GY 2018 CCDF Table 4b – Matching Categorical Summary (Quarter End: 9-30-2020),” August 2022, <https://www.acf.hhs.gov/occ/data/gy-2018-ccdf-table-4b-matching-categorical-summary-quarter-end-9-30-2020>.

⁸⁴ U.S. Department of Health and Human Services: Office of Child Care – Administration for Children & Families, “GY 2019 CCDF Table 4b – Matching Categorical Summary (Quarter End Date: 9/30/2020).” January 2021, <https://www.acf.hhs.gov/occ/data/gy-2019-ccdf-table-4b-matching-categorical-summary-qe-9-30-2019>.

⁸⁵ U.S. Department of Health and Human Services: Office of Child Care – Administration for Children & Families, “GY 2020 CCDF Table 5b – Matching State Summary (Quarter End Date: 9/30/2020),” August 2022, <https://www.acf.hhs.gov/occ/data/gy-2020-ccdf-table-5b-matching-state-share-summary-qe-9-30-2020>.