

Tuition Assistance Eligibility Options Paper 3: Elimination of Cost Above Family Share

Overview

Current ordinance directs Child Care Unit staff to establish annual maximum rates for child care at each age level of children, above which Tuition Assistance will not pay. The City contracts with Community Coordinated Child Care to survey all accredited programs in the fall of the year and then recommends a new rate early each calendar year. The average cost of accredited care for each age group is used to determine the maximum rates.

When a family is determined eligible for Tuition Assistance, their income, eligible deductions (i.e. health insurance, flex plan, etc.) and family size are factored into a calculation that determines the amount of money the City believes they should be able to afford for child care. That is called their *Family Share*.

When the Family Share and the City's portion of the cost of care is combined, the total equals the maximum payment rate for that age of care. For example, the Jones family has one infant in care. Our maximum rate for infants is \$322 per week. Rommel determines the family can pay \$100 per week. The City portion of the cost is \$222.

The maximum City rate is higher than the Wisconsin Shares rate in every age group which allows Tuition Assistance families to more easily access care in Madison. However, the families still cannot access all accredited care because the maximum payment rate for the City does not capture the cost of care at the higher-cost accredited centers. For example, if we took the Jones family mentioned above and they wanted to attend The Learning Gardens, their out of pocket cost would be higher than the \$100 we've established that they can afford to pay because The Learning Gardens charges \$392 per week for an infant, \$70 greater than the maximum City rate. Thus, their out of pocket costs become \$170 (\$100 Family Share + \$70 above the maximum City rate).

Some centers offer scholarships to defray cost for families for the out of pocket costs above the Family Share. However, for some families, they don't even attempt to enroll at the higher cost centers because of the sticker shock.

When asked, higher cost centers say they would accept more children from low income families, but the cost difference between what the subsidies pay for and what the families can afford is too great for many of them.

As part of the Pathways initiative, the Child Care Unit is looking at ways to bring more children from low income families into care in all accredited programs. We would like to change payment practices and ordinance so that the City pays for the cost of care above the established Family Share up to 150% of the maximum City payment rate. There is only one center that is more than 150% of the maximum City payment rate for infants (Eagle's Wing at 151%) and this is a unique circumstance where that rate is only used for families who do not live in Eagle Heights. This is to discourage use of the center by non-

Eagle Heights residents. Nearly all Eagle's Wing families also live in Eagle Heights, so this rate has never been used by Tuition Assistance.

Relevant Ordinance

3.12(10)(g)5.:

Calculation of Rate.

a. The City Rate for full-day child care and full-day family child care shall be calculated as the average of all City accredited full-day and full-day family child care program fees to the public for children over three (3) years old.

b. The City Rate for half-day child care shall be calculated at sixty percent (60%) of the City Rate for full-day child care.

c. The City Rate for full-day toddler care and full-day family toddler care shall be calculated as the average of all City accredited full-day child care and full-day family child care program fees to the public for children three (3) years old and younger. The rate applies through the payment period in which the child reaches her/his third birthday.

d. The City Rate for half-day toddler care shall be calculated at sixty percent (60%) of the City Rate for full-day toddler care.

e. The Early Childhood Care and Education Committee is authorized to establish a City Rate for infant care, which rate shall be no greater than one hundred fifty percent (150%) of the City Rate for toddler care. For purposes of this section, an infant is a child younger than two (2) years old, and the rate applies through the payment period in which the child reaches her/his second birthday.

f. The City Rate for half-day infant care shall be calculated at sixty percent (60%) of the City Rate for full-day infant care.

g. The Early Childhood Care and Education Committee is authorized to establish a City rate for care of children whose parent or parents have been determined by the Community Services Supervisor to meet the Special Need for Child Care criteria, as provided in Subsection (3)(g)2. of this ordinance. The rate shall be no greater than one hundred fifty percent (150%) of the City rate for children more than three (3) years old.

h. The City Rate for afterschool care shall be calculated as the average of all City accredited afterschool care program fees to the public.

i. The City Rate shall be the basis for calculating the City share for each individual tuition aid recipient.

j. The City Rate shall be calculated each October 1.

k. In no case is the City share to exceed the City Rate.

l. In no case is the City share to exceed the program's fee to the public.

m. In programs offering sliding scales, the program's fee shall be calculated as the maximum fee received by a program at the time of accreditation.

n. In no case is the City share to exceed the actual cost of care.

o. The applicant will be required to submit a verified income statement. Tuition aid recipients must submit such statement regularly, as the Community Services Supervisor may require. The applicant may report a change in income at any time and request review of his/her payment level.

Budgetary Impact

For currently enrolled children, the budgetary impact is \$30,300 additionally per year.

Hypothetically, if every child currently in the program and enrolled at a center chose to go to centers that were at 150% of the average cost of accredited care, the total cost to the city would be approximately \$690,500. This is impossible in practice because there is not enough capacity at the centers that charge the highest costs to accommodate that sort of large scale change in a short time span. Families also value continuity of care and so would be unlikely to switch abruptly.

If this change were implemented, 15 current families would have less out of pocket costs.

Staff Recommendation

Modify the ordinance to allow the City to pay for costs of care above the Family Share up to 150% of the City maximum payment rate. At no point would the City pay more than the actual cost of care.

