

ANNOUNCEMENT ELRC 21-02



Pennsylvania Office of Child Development and Early Learning
Bureau of Early Learning Policy and Professional Development

Issue Date: Feb. 18, 2021

Effective Date: March 1, 2021

End Date: N/A

Subject: Increase to Child Care Works Base Payment Rates

To: All Regulated Child Care Providers; Relative Providers; In-Home Providers; Early Learning Resource Centers (ELRCs); and The Office of Child Development and Early Learning (OCDEL) Early Learning Resource Center Program Representatives

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PURPOSE

To announce an increase to base rates paid to providers participating in Child Care Works (CCW). Base payment rates are also known as the Maximum Child Care Allowance (MCCA). This Announcement replaces ELRC Announcement 18 #01- Increasing Base Payment Rates for STAR 1 and STAR 2 Providers and Improving the Maximum Child Care Allowances for All Providers.

BACKGROUND

Every three years, OCDEL conducts a child care Market Rate Survey (MRS) to guide base rate setting. The last MRS was completed in 2019 and released in 2020 and can be viewed [here](#). Effective March 1, 2021, base rates for CCW reimbursements will be regionalized and increased to meet a floor equal to the 40th percentile of the market rate for child care in the provider's region. This change represents an increase from approximately the 25th percentile where the majority of Pennsylvania's rates currently sit. This change brings Pennsylvania closer to the federal government's recommendation of reimbursing child care providers at the 75th percentile. The base rate increase is supported by \$28.8 million in federal funding for the 2020-21 fiscal year and \$87.2 million in the 2021-22 fiscal year.

Pennsylvania is currently the only state with a county-based rate structure. Percentile rank measurement requires at least three and preferably ten values to achieve a reasonable level of confidence. The current county-based rate structure makes the calculation of percentile rank difficult as there are limited sample sizes and limited provider type representation. Regionalization of rates by ELRC creates larger pools and allows for a more accurate calculation of percentile rank.

After the base rates are regionalized, all rates will be raised to meet a floor of the 40th percentile. Some providers may not experience an increase because their current base rate meets or exceeds the 40th percentile floor within their region. No providers will see their rates decrease with this new structure. The average increase across all rates is \$4.59.

Investing in base rates for CCW promotes more equitable access to quality child care. Nearly two-thirds of children enrolled in CCW attend a lower-rated child care provider, and higher quality providers serve fewer CCW enrolled families. By providing increased base payments for care for children enrolled in CCW, more child care operators will increase operating margins allowing them to potentially retain more highly qualified staff and engage in enhanced quality activities. This can help providers increase quality practices, move up in Keystone STARS quality rating levels, and, in turn, benefit all children in child care.

Relative Providers participating in CCW will also receive a rate increase. All rates for Relative Providers have also been regionalized to align with their ELRC regions resulting in a \$2.00 increase.

DISCUSSION

OCDEL established a fee structure policy to pay all certified child care, relative, and in-home providers serving subsidy children at the lower of two rates – the rate the certified child care providers charge private-pay families or the established MCCA. Effective March 1, 2021, OCDEL is implementing increases to the MCCA rates.

Effective March 1, 2021, if the certified child care provider's private pay rates continue to be higher than the newly published [MCCA](#), participating certified child care providers will **not** have to submit a new Appendix C-1. The new rates will automatically be reflected in the payment for March invoices which occurs in April.

If certified child care provider's private-pay rate is lower than the new MCCA, they will receive the lower of the two rates.

If a certified child care provider wants to update their private-pay rates, they must communicate those changes to families and provide verification of the updated child care provider's private-pay rates to the ELRC. The updated rate will become effective the first of the month following the date the verification was received by the ELRC, if submitted after March 31, 2021.

Instructions for Certified Child Care Providers Updating Private Pay Rates

There are two ways a certified child care provider can update their private pay rates.

- **Option 1:** Certified child care providers can enter their updated rates in Provider Self Service (PSS) and return “*Appendix C-1 ELRC Subsidized Child Care Provider Reported Rates*” along with the verification of the certified child care provider’s published private-pay rates to the ELRC; **or**
- **Option 2:** Certified child care providers can send “*Appendix C-1 ELRC Subsidized Child Care Provider Reported Rates*” along with the verification of their certified child care provider’s published private-pay rates directly to the ELRC to enter into PELICAN CCW.

When the certified child care provider returns “*Appendix C-1 ELRC Subsidized Child Care Provider Reported Rates*” along with verification of the certified child care provider’s published private-pay rates, the ELRC will do the following:

1. Enter and/or verify the certified child care providers’ published rates into PELICAN CCW;
2. Use March 1, 2021 as the effective date if verification is received by March 31, 2021;
3. Convert the rates and save as “*Converted Payment Rates*”; and
4. Generate and send to the certified child care provider the “*Appendix C-2 ELRC Subsidized Child Care Provider Payment Rates*.”

Once verified, ELRC staff will then convert the payment rates in the PELICAN CCW system, and the certified child care provider will be paid based on the new private pay rates, or MCCA, whichever is the lower of the two rates.

The ELRC will **not** modify rates for any certified child care provider who does not return Appendix (C-1) along with verification of the certified child care provider’s published rates.

Instructions for Relative and In-Home Providers

The ELRC will not need to enter rates for relative or in-home providers. The ELRC will have to generate and send to both types of providers, “*Appendix B Subsidized Child Care Relative Provider Payment Rates*.”

NEXT STEPS

1. Certified child care providers updating private pay rates
 - a. Update and communicate private pay rate changes on family agreement or contracts, website, and handbooks as applicable.
 - b. Complete “*Appendix C-1 - ELRC Subsidized Child Care Provider Reported Rates*,” FY 2020-21 (**Certified Child Care Providers Only**).
 - c. Send the completed *Appendix C-1 - ELRC Subsidized Child Care Provider Reported Rates*, along with verification of the certified child care provider’s

published rates, to your ELRC by March 31, 2021 in order to receive the updated rate.

- d. Direct any questions to your ELRC.
2. Relative and in-home providers
 - a. Receive “*Appendix B Subsidized Child Care Relative Provider Payment Rates*” from ELRC.
 3. ELRCs
 - a. Review and share this information with appropriate staff.
 - b. For any certified child care providers returning completed “*Appendix C-1 - ELRC Subsidized Child Care Provider Reported Rates*” and their published rates, enter updated rates into PELICAN CCW and convert rates for all certified child care providers with an effective date of March 1, 2021, if verification is received by March 31, 2021.
 - c. Generate and send **all** certified child care providers “*Appendix C-2 ELRC Subsidized Child Care Provider Payment Rates.*”
 - d. Generate and send *Appendix B Subsidized Child Care Relative Provider Payment Rates*” to **all** Relative and In-Home Providers.
 - e. Direct any question to your program representative.