



Colorado Evaluation & Action Lab

UNIVERSITY OF DENVER

A strategic research partner
for government agencies and a
bridge to the research community

September 2023

- ▶ **CCCAP Increased Absence Payments for Preschoolers**
- ▶ **CCCAP Enrollment-Based Payments for Infants/Toddlers**
- ▶ **CCCAP Reimbursement Rate Increase for Child Care Providers**

AUTHORS:

Andrew Brodsky, PhD

President, Brodsky Research and Consulting

Erin Gager

Senior Research Associate,
Brodsky Research and Consulting

*with actionable insights,
synthesis, and editorial support
from the Colorado Lab*



This evaluation is being conducted on behalf of CDEC under the coordination of the Colorado Evaluation and Action Lab's Early Childhood Evaluation Hub to build evidence for stimulus-funded early childhood activities.



Overview



The Colorado Department of Early Childhood (CDEC) used federal and state stimulus funding to enhance the financial stability of providers that accept and children who receive Colorado Child Care Assistance Program (CCCAP) tuition subsidies through the following policies:

- **Enrollment-Based Payments for Infants/Toddlers:** Providers received full tuition reimbursement for infants and toddlers each month based on child enrollment, regardless of attendance.
- **Increased Absence Payments for Preschoolers:** Counties determined how many days to reimburse providers for preschooler absences, above state-mandated minimums.
- **Reimbursement Rate Increase for Providers:** CCCAP reimbursement rates were increased in September 2021 with a 5% base increase plus an additional increase to licensed infant, toddler and preschool rates to reflect higher costs of care for these age groups. Rates were then increased again in October 2022 based on the [2022 Market Rate Survey](#).

These policies support [CDEC's strategic goal](#) #1 of ensuring all families, regardless of their background or circumstances, have equal access to Colorado's comprehensive system of early childhood services. A variety of economic pressures, some exacerbated by the COVID-19 pandemic, threaten provider financial stability. Understanding how to effectively support child care providers who accept CCCAP helps ensure sufficient slots are available for families in need.

Colorado's enrollment-based payments and absence payments policies are in line with national trends that emerged in response to the pandemic. Between March 2021 and March 2022, 36 states had policies that increased the number of allowed absences that providers were paid for, and as of October 2021, 22 states paid providers based on enrollment. It does not appear that any other states differentiated these policies by age group like Colorado did. Nearly all states also increased their provider reimbursement rates during 2021 and 2022, of which 16 (not including Colorado) offered pandemic-specific increases.



What We Will Learn by the End of the Evaluation

- The choices counties made about the number of preschooler absences they would reimburse providers for, why they were made, and how those choices changed over time.
- The relationship between these CCCAP policies and changes to providers' financial outcomes.
- The relationship between these CCCAP policies and providers' decision to participate in CCCAP.
- The change in CCCAP-related costs incurred by the state as a result of these CCCAP policies.
- Stakeholder perceptions and attitudes towards stimulus-funded CCCAP policy changes.

This brief represents early insights from the initial phases of evaluation work. Interim findings will be communicated in Spring 2024 and final findings will be delivered in Fall 2024.





Actionable Insights

- The enrollment-based payments policy shows signs of success in increasing infant and toddler enrollment in CCCAP.
- There is considerable cross-county variability in the number of paid absences for preschoolers allowed, potentially contrary to CDEC’s strategic goal related to access.
- CCCAP administrators report that these policies are key to maintaining existing CCCAP fiscal agreements with providers, keeping providers financially viable, and ensuring continued access for CCCAP families.
- County CCCAP offices tend not to use these policies as an intentional recruiting tool for new CCCAP providers.

Evidence-Based Decision-Making

Evidence-Based Decision-Making (EBDM) recognizes that research evidence is not the only contributing factor to policy and budget decisions. EBDM is the intersection of the best available research evidence, community needs and implementation context, and decision-makers’ expertise. Actionable insights across these domains are highlighted in the box above, with supporting evidence and additional information detailed for each in the sections that follow.



Best Available Research Evidence

Data in this section come from CDEC internal tracking documents and reports.

The enrollment-based payments policy shows signs of success in increasing infant and toddler enrollment in CCCAP. Between July 2022 and June 2023:

- 4,222 infants and toddlers were enrolled in CCCAP, representing an increase of 330 infants and toddlers compared to the prior fiscal year.
- Counties spent an additional \$5.5 million on infant/toddler enrollment-based payments.

Community Needs & Implementation Context

Data in this section come from a review of county CCCAP plans and interviews with county CCCAP administrators. Increased absence payments for preschoolers, enrollment-based payments for infants and toddlers, and increased reimbursement rate policies were fully implemented as of July 2021, July 2022, and October 2022, respectively.

The enrollment-based payments for infants and toddlers policy was implemented the same across all counties. This strategy did not differ in timing or requirements between counties, as this was a statewide policy change.

There is considerable cross-county variability in the allowable number of paid absences for preschoolers, potentially contrary to CDEC’s strategic goal related to access. This was in addition to changes over time to the state-determined minimum number of allowable absences that could be reimbursed. This policy was first implemented as a response to the pandemic—allowing 6 or 7 days depending on the provider’s Colorado Shines rating—but was later decreased to 3 or 4 days depending on the provider’s rating. It appears that many counties simply kept the pandemic-era requirement even after the state reverted to a lower minimum. Within these statewide constraints, counties varied substantially:

- 40% of counties offered the same number of paid absences across all quality levels and 60% differentiated by quality rating, usually by a difference of only one day between levels 1-2 and levels 3-5.
- One county offered 20 days of paid absences. Between 10 and 12 (15-18%) of counties maintained the minimum number of 3 or 4 days, depending on quality level.
- On average, most counties offered to reimburse 6 or 7 absence days, depending on quality level.
- The 11 counties in the Denver Metro area offered the widest range of paid absences, varying from 4 to 20 days; the 6 counties in the San Luis Valley offered the narrowest range, varying from 3 to 6 paid absence days. Such regional variability is potentially contrary to CDEC’s strategic goal of expanding access to early childhood services.
- The 17 urban counties averaged the highest number of paid absences (7.7 days), followed by the 24 rural counties (6.4 days), and the 23 frontier counties (5.5 days).

Adoption of the reimbursement rate policy was necessary to meet federal equal access requirements. An increase was applied to the previous rates for each county based on the 2022 Market Rate Survey. The amount of increase differentiated by provider type, quality level, age group served, and full- or part-time status. The highest quality level (level 5) averages \$12 per day more than the lowest quality level (level 1).

Table 1. Statewide mean reimbursement rates for full-time daily care in 2022, child care centers

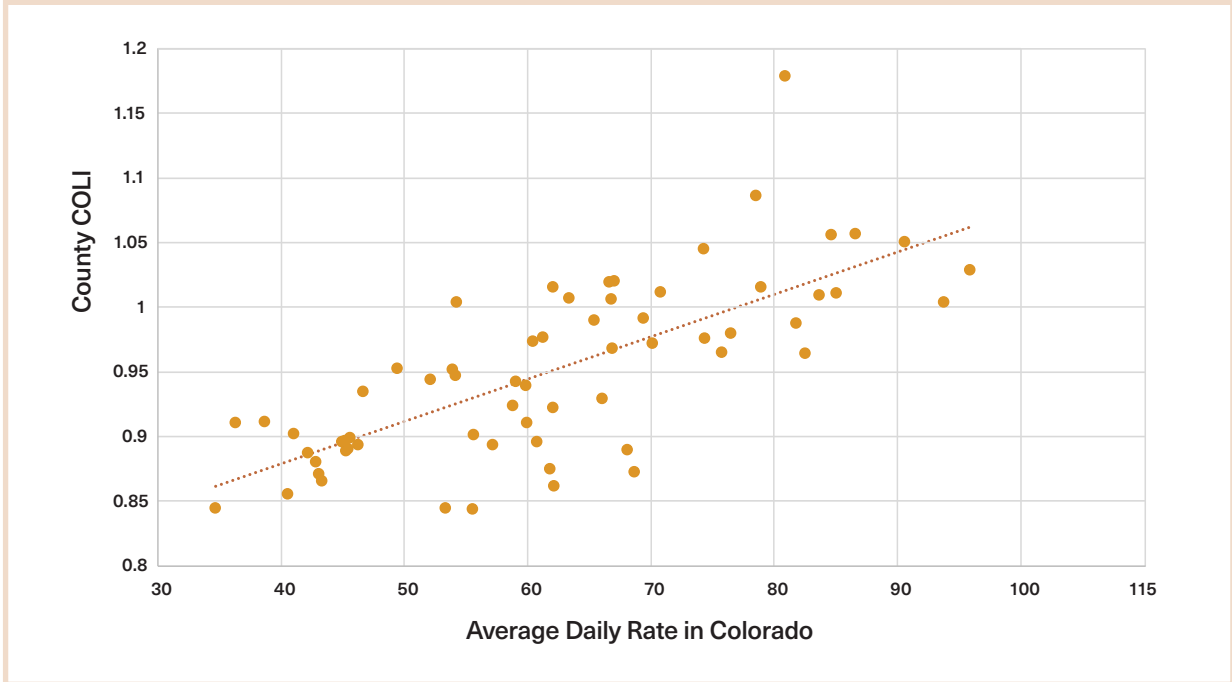
Age group	2022 mean rate	% Increase from 2018 – 2021
0-18 months	\$75.28	4.5%
18-36 months	\$62.72	4.3%
36 months – 6 years	\$53.11	9.3%
6-12 years	\$39.67	0.0%

Table 2. Statewide mean reimbursement rates for full-time daily care in 2022, family child care homes

Age group	2022 mean rate	% Increase from 2018 – 2021
0-24 months	\$49.04	7.3%
24 months – 6 years	\$46.04	8.9%
6-12 years	\$38.60	0.0%
6-12 years	\$39.67	0.0%

A strong correlation ($r=0.73$, see Figure 1) exists between average reimbursement rates and county Cost of Living Indices (COLI), reflecting that the county COLI is incorporated into the rate-setting formula. CDEC has engaged Brodsky Research and Consulting to develop an [alternative rate-setting methodology](#) which does not solely rely on market rates.

Figure 1. Average daily CCCAP rates and COLI by county



Decision-Maker Expertise

The data in this section come from interviews and meetings with state CCCAP administrators and interviews with county CCCAP administrators. Some policy-specific and cross-policy themes emerged, several of which are potentially actionable.

The increased reimbursement rate and absence payments policies ensure Colorado complies with federal equal access requirements, reflecting market value and/or cost of care. The enrollment-based payments policy aligns with a recent federal [Notice of Proposed Rulemaking](#) that would mandate prospective enrollment-based payments to providers. This proposed rule will not be finalized until Spring 2024, but the enrollment policy positions Colorado to meet potential federal requirements regarding payment based on enrollment. This does not, however, address the potential federal requirement around making these payments prospectively.

Timely communication between counties and providers is critical to ensure money is being spent appropriately. Some providers did not update their county CCCAP team in a timely fashion when a family with infants or toddlers disenrolled or had a prolonged absence, so the county kept paying. Some counties have adapted by increasing their communication with providers or relying on the 22-day absence report to ensure they have updated information.

CCCAP administrators report that these policies are key to maintaining existing CCCAP fiscal agreements with providers, keeping providers financially viable, and ensuring continued access for CCCAP families.

- Given the fractured and under-funded nature of the early childhood sector, which was only exacerbated by the pandemic, administrators feel these policies are allowing providers to stay open and serve families.
- Ending or rolling back these policies would have a negative impact on providers' financial sustainability and ability to provide care. It would damage CCCAP's reputation and relationships with providers, and these relationships would be extremely difficult to rebuild.
- Ending the policies would limit providers' ability to offer additional slots for infants and toddlers and potentially shift the financial burden back to families for paying even when their children are absent.

County CCCAP offices tend not to use these policies as an intentional recruiting tool for new CCCAP providers.

- County administrators feel that active recruitment efforts aimed at providers required a lot of staff time and effort and were generally unsuccessful. Counties reported that providers typically choose to join CCCAP when one of their existing families wants to enroll their child in CCCAP. This suggests that provider recruitment might best be directed through families.
- Although county administrators did not undertake advertising specific to these policies, a statewide public awareness campaign targeted at providers, including recruitment flyers, was executed by state CCCAP staff. Upcoming evaluation activities will include an exploration of provider awareness of these policies, which will potentially include the effects of this campaign.



We want to offer providers and families the best options we can, but we also have to work within our budget to avoid a waitlist.

- County CCCAP Administrator

State administrators bear the administrative burden for implementing these policy changes, minimizing the burden for county administrators.

- The administrative burden for rolling out new policies largely falls on state-level staff, as they work with the data system developer to integrate these changes into the statewide system that all counties use. This involves anticipating effects of these changes on the other parts of the technical platform, along with any new data collection requirements, both of which can evolve over time.
- The administrative burden of these new policies for county administrators was concentrated in the initial roll-out period which involved updating provider paperwork and informing and providing technical assistance to providers. During subsequent implementation, these policies have had minimal impact on the administrative burden for county administrators.
- The automation of attendance/absence tracking and subsidy rate changes within the Child Care Automated Tracking System (CHATS) and related systems minimized administrative burden and errors when navigating these policy changes. Reverting to pre-stimulus policies would require an administrative lift on the part of state administrators to restore systems to previous functionality.