

Mississippi Child Care Development Fund:

Program Implementation
Evaluation and
Impact Analysis

ion - research - service



**THE JOHN C. STENNIS
INSTITUTE OF GOVERNMENT**



Mississippi Child Care Development Fund:

Program Implementation Evaluation and Impact Analysis

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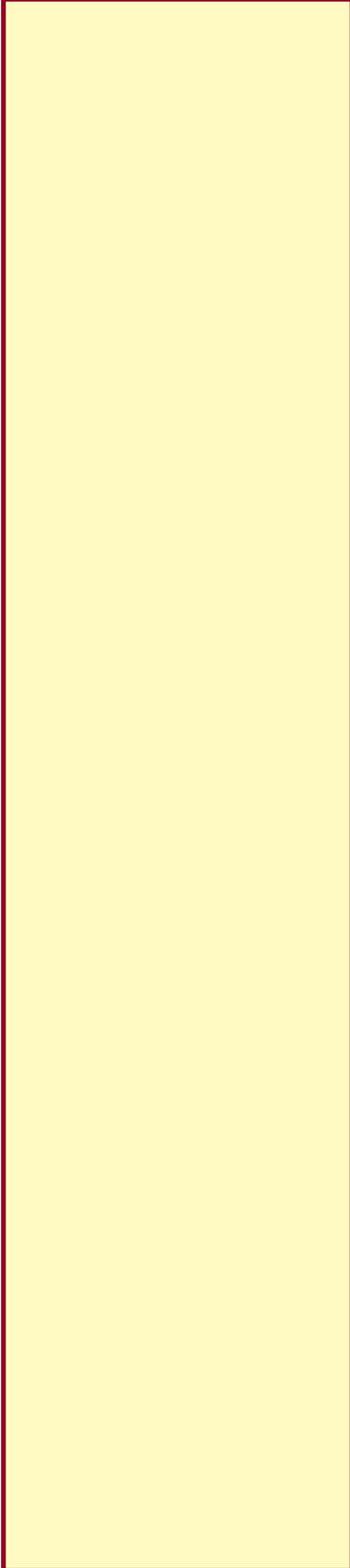
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Table of Contents

Introduction 5

Legislative Background 5

Eligible Population Distribution 8

Funding of Mississippi CCDF 9

Mississippi’s State Plan 10

Co-Payment Fees for Parents 12

Tier-based Reimbursement System 14

Designated Agents for Distribution of CCDF Certificate Program 15

Data Accessibility 16

Contract Management 18

Contracting Basics 19

The Role of Information: Transparency and Market Efficiency 20

The Importance of Contract Performance Measures 21

Monitoring Performance 21

Bidders’ Conferences 22

Problem Areas in Other States & Territories 23

Costs of Child Care 26

Accessibility of Child Care 28

Need for quality child care 30

Costs of Providing Child Care 32

Early Education/Childhood Development 34

Impact Analysis 39

Focus Groups and Surveys 39

Impact on Parents 43

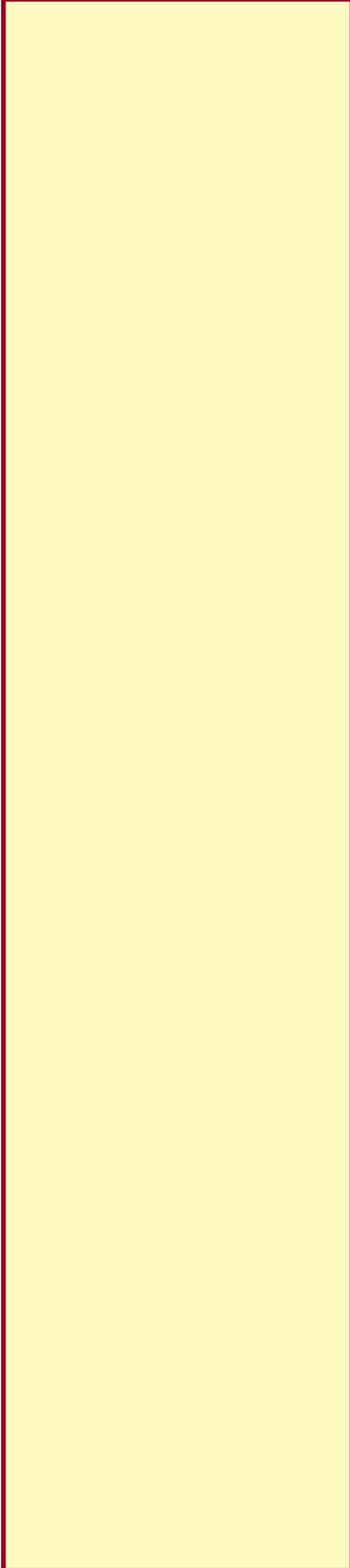
Impact on Providers 43

RECOMMENDATIONS 44

- Maximize federal-funding 45
- Increase use of slot-based system 45
- Enhance the economic development opportunities 45
- Increase transparency in contract delivery 47
- Increase transparency in contract delivery 47
- Provide for external auditing 48

BIBLIOGRAPHY 48





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INTRODUCTION

The Mississippi Low Income Child Care Initiative, through a grant from the Kellogg Foundation, commissioned the Stennis Institute of Government at Mississippi State University to conduct research on the Child Care Development Fund and its implementation in Mississippi. Research began in December of 2002. The research project, using both quantitative and qualitative methods, has two primary objectives:

- a program evaluation of the Child Care Development Fund implementation in Mississippi, including a review of the legislative intent and identified goals of the program; and,
- an impact analysis of both those providing and those receiving program benefits.

An overarching goal of both of these objectives is the development of recommendations that increase the efficiency and effectiveness of the program, and to provide 'best practice' examples of similar efforts from other states.

LEGISLATIVE BACKGROUND

In 1996, President Bill Clinton signed into law the *Personal Responsibility and Work Opportunity Reconciliation Act* (PRWORA), the law he pledged "would change welfare as we know it." Mississippi had, in fact, been operating a welfare reform program of its own under a federal waiver for two years prior to the passage of the national law. Under the guidance of the first Republican Governor since reconstruction, Mississippi preceded most of the nation with its own "WorkFirst" program, a predecessor in the ideological shift of welfare as an economic safety net to a mandated work requirement program with time limited benefits. The immediate result was to purge the welfare rolls. Mississippi led the nation with a 72% drop in the number of families receiving welfare.

The PRWORA was the result of the attempted reconciliation of dichotomous purposes. Personal responsibility, which was indicative of the ideological shift from the previous Aid to Families with Dependent Children (AFDC) categorical grant being viewed as an entitlement program, into the Temporary Assistance for Needy Families (TANF) block grant, a transitional program that would be time limited, state administered and

UNDER CURRENT ELIGIBILITY RULES, 160,000 children in Mississippi are eligible for child care assistance. Only 4% of eligible children in Mississippi receive CCDF funding (CCB, HHS, 2003).

AT LEAST 11,200 CHILDREN are currently on the waiting list to receive child care assistance (CCB, HHS, 2003). In Mississippi over 31.3% of children age 5 and under live below the poverty level (US Bureau of the Census, 2003).



The Child Care and Development Fund is a result of the Personal Responsibility and Work Opportunity Act of 1996 also known as welfare reform.

The result would combine existing funding streams into CCDF. The Child Care and Development Block Grant and Title IV-A of the Social Security Act which created AFDC/JOBS Childcare, Transitional Child Care and At-Risk Childcare.

came with attached work requirements; the idea being that people would become responsible for their own economic standing and would no longer be allowed to collect money from the government through a social welfare program as a means of lifestyle maintenance. Work opportunity would then be the second part of the law, providing former welfare recipients with work support programs, job training and placement, designed to enable them to become economically self-sufficient and break the vicious cycle of poverty and welfare dependency. Nationwide, the result was rapidly dropping welfare rolls. The goal of self-sufficiency became obscured behind the race to get people off the rolls. Under the ideology of personal responsibility it would seem that people also were responsible for their own condition of poverty. In Mississippi the administration of the Department of Human Services often explained the concept as “the best training for a job, is a job” (Breux, et al, 2000).

Federal and state governments responded collectively to welfare reform by more than doubling subsidized child care spending from 1996 to 2001 (Greenberg, Levin-Epstein, Hutson et al., 2002). This increase has occurred mainly through the Child Care and Development Fund (CCDF) block grant and the Temporary Assistance for Needy Families (TANF) transfer. These and other funded programs have led to an annual expenditure of \$17.3 billion, much of it to support low-income families (Kagan & Rigby, 2003). Some major expenditures cited in Kagan and Rigby’s *Policy Matters* report in 2002 included: Child Care and Development block grant (\$4.82 billion), Head Start (\$6.54 billion), preschool grants and early intervention programs (\$807 million), apprenticeships for child care workers (\$650,000), campus-based child care (\$25 million), Early Learning Opportunities Act (\$25 million), Early Reading First (\$75 million), and early childhood educator professional development (\$15 million) (2003). Although this list may seem wide-ranging, the research shows that many states across the country lack a comprehensive plan and the resources to carry out such a plan for affordable, high-quality early child care. Mississippi is one such state.

Under PRWORA the Child Care and Development Fund was established to dispense child care funds previously being distributed under Title IV-A of the Social Security Act. This included AFDC/JOBS Child Care, Transitional Child Care and At-Risk Child Care in addition to the previously existing Child Care and Development Block Grant. The programs covered under Title IV-A of the Social Security Act were replaced by Mandatory and Matching Funds appropriated for fiscal years 1997 through 2002 under a new section of the Social Security Act. The block grant funds provided under the Child Care and Development Block Grant (CCDBG) were renamed as Discretionary Funds due to the fact that those funds must be appropriated annually. The Child Care and Development Block Grant was originally established under the Omnibus Budget Reconciliation Act of 1990. PRWORA required that the new Mandatory and



Matching Funds be transferred to a State's Lead Agency for the CCDBG and be administered by that agency, using CCDBG provisions, as amended by the new Act.

The Administration for Children and Families at the Department of Health and Human Services chose the name Child Care Development Fund (CCDF) to signify the fusion of the CCDBG and new child care subsidy funding under Title IV-A of the Social Security Act (CCB, HHS, 2001). The CCDF provided increased Federal funding for child care over past programs—some \$4 billion additional dollars over the life of the new law (FY 97 - FY 2002) for a total of around \$22 billion over the six years (CCB, HHS, 2001).

The newly organized CCDF was presented as a unified system, but in actuality made available three funding streams, with differing rules for expenditure, in addition to two state funding stream requirements for Matching funds and Maintenance of Effort (MOE) funding. Mandatory funds require no state match and are made available until they are expended. States must obligate mandatory funds by the end of the federal fiscal year (CCB, HHS, 2004). In order to receive matching funds states are required to fully expend the amount required as state MOE funding and spend the states obligatory matching amount based up the determined Federal Medical Assistance Percentage (FMAP). Matching fund requirements also include a provision requiring a state to obligate Mandatory funds by the end of the federal fiscal year and fully expend matching funds within two years. Discretionary funds require no state match, but must be obligated in two years and liquidated in the following year. Congress earmarked specific amounts of the Discretionary fund for

- (1) Child Care Quality Improvement Activities (\$172.6 million);
- (2) Infant and Toddler Quality Improvement (\$100 million); and
- (3) Child Care Resource and Referral and School Age Care (\$19.1 million) in fiscal year 2002 (CCB, HHS, 2004).

Child care was acknowledged as a vital work support and the legislative intent was to streamline categorical funding under an integrated source that would allow states flexibility in their implementation design. States also could transfer money from the current years Temporary Assistance to Needy Families (TANF) funds into CCDF for use as child care funds. States are permitted to transfer up to 30% of TANF into CCDF. States could opt to transfer up to 10% of TANF funds into the Social Services Block Grant, but no more than 30% could be transferred out of TANF overall. How much, or if any amount is transferred, is discretionary on behalf of the state. Under PRWORA a state can also choose to spend TANF funds directly for child care without a transfer. Under these circumstances money would still fall under TANF rules, rather than CCDF rules. According to the Center for Law and Social Policy, "If TANF funds

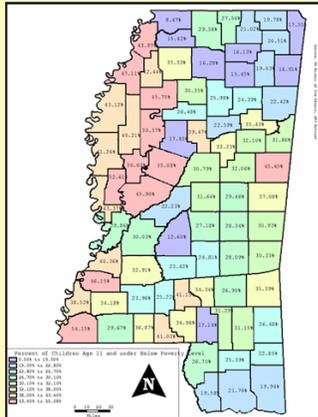
Child Care and Development Block Grant Funds would now be referred to as discretionary Funds. Title IV-A funds would now be called Mandatory and Matching Funds.

Matching Funds require state money to be spent in order to receive money from the federal government. Mississippi must spend a certain amount of MOE or Maintenance of Effort money AND the additional amount of state matching funds to receive the full federal match amount.

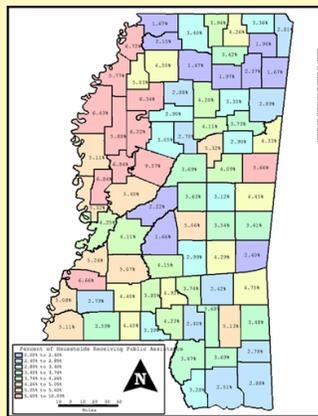
Mississippi has a federal matching percentage of 77.09%. This is the highest in the nation.



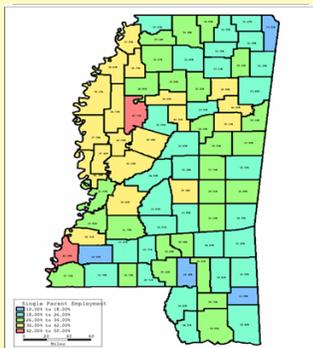
Child care was acknowledged as a vital work support and the legislative intent was to streamline categorical funding under an integrated source that would allow states flexibility in their implementation design.



Distribution of children ages 11 and under who live in households with income below the poverty level.



Percentage of Mississippi households receiving public assistance by county.



Number of children ages 6, in a single parent household where the parent is in the workforce

are spent for child care for non-employed families; the funds are considered "TANF assistance." When TANF funds are used for child care for employed families, the benefits are considered "non-assistance." (2001) Under TANF rules, "assistance" is counted toward time limits and falls under all TANF rules regarding child support and data collection. "Non-assistance" in the form of spending current year TANF funds on low-income employed families is acceptable under the law. Prior year, unobligated TANF funds can only be spent on "assistance" (CLASP, 2001).

ELIGIBLE POPULATION DISTRIBUTION

As part of the program evaluation, researchers looked at the distribution of children throughout the state, the distribution of children in poverty, the number of children eligible for certificates and the awarded grant amount each designated agent receives.

Researchers looked at demographic characteristics of the state to determine indicators of need for CCDF fund distribution. One indicator employed was poverty levels. This map indicates the distribution of children ages 11 and under who live in households with income below the poverty level. The average statewide for this age group is 30.93%. For children 5 and under the statewide average is 31.33%. Red indicates counties which have the highest percentage of children living below poverty ranging from 43.5% to 55.08%. The county with the highest percentage of children living below poverty in the state is Holmes County at 55.08%. Orange represents counties with the second highest rates at 38% to 43.6%.

Another indicator used was the percentage of Mississippi households receiving public assistance by county. Even though the eligibility requirements for public assistance is considerably lower than those for CCDF, the measure will prove an indicator of low income household distribution within the state. These figures correlate with the measure of children in poverty for the state.

This map represents the number of children ages 6 and under who live in a single parent household and the parent is in the workforce. Highest percentage is represented by red and indicates 42% to 50%. Yellow represents the second highest percentage at 34% to 42%. The lowest percentage is bright blue and it represents 10% to 18%. These areas will have an inherent need for some type of child care.

With the passage of the 1996 welfare reform law and the fact that 65 percent of mothers with children under age six are in the workforce, (Fuller et al., 2002) child care is more important now than it has ever been. Each day, an estimated 12 million children (6 million under age 3) in this country receive care outside the home, including both children with mothers who work and those who don't work (Schulman, 2003). Many of these children enter non-parental care by 11 weeks of age, stay for 30 hours or



more per week, and only leave early care when they enter school, according to the Schulman report (2003). Also, the proportion of employed single mothers with children under six increased from 44 percent in 1992 to 69 percent in the year 2000 (U.S. Census, 2001). The employment level of low-income, single mothers with younger children has also increased from 44 percent in 1996 to 59 percent in the year 2000, according to the Bureau of Labor Statistics (2001). Three out of every five preschoolers have their mother in the labor force (Children's Defense Fund, 2004). A significant part of this increase in employment comes directly from the 1996 welfare reform law. Another result of the law is that the number of parents who receive governmental assistance and work has increased from 1 in 7 in Fiscal Year 1996 to 1 in 4 in Fiscal Year 2000. These employment figures leave about 60 percent of children in homes where either parents or a single parent works outside of the home (Policy Matters, 2003). Obviously, integrating more parents into the workforce also directly effects larger demand for affordable, quality child care for workers.

FUNDING OF MISSISSIPPI CCDF

Since 1998, Mississippi has transferred 20% of Temporary Assistance for Needy Families (TANF) funds to the Child Care and Development (CCDF), comparable to states such as Missouri, Minnesota, Michigan, Iowa, Pennsylvania, and Virginia, all of which have much larger populations than does Mississippi (Schulman, 2003). The 20% transfer is matched or bettered by 17 other states (ibid). However, in terms of matching funds, Mississippi spends less money, than all but 8 other states, each with significantly lower eligible populations (ibid). These figures occur at a time when the state has already experienced a budget shortfall for several straight years, and new spending initiatives will most likely see opposition in the legislature. In Fiscal year 2002, Mississippi decreased state spending for child care subsidies and failed to "draw down" \$11.2 million in matching federal funds (Ewen & Hart, 2003). With the failure of Mississippi to reach matching funds for FY 2003 this would collectively reach an amount upwards of \$33 million dollars in federal funds failed to collected since FY2001. This failure to maximize funding combined with other gaps and incongruities in the disbursement system leave many eligible children without the necessary care. **According to state level data as of fiscal year 1999, children in licensed centers represented some 78% of all children served through the voucher program (25,186), with another 5,438 children using vouchers to provide services in unlicensed care facilities.**

Mississippi's population includes a higher percentage of low-income children (parents' income lower than 200 percent of the poverty level) than all of its regional counterparts and many other states in the nation. Thus, the state has a higher number of at-risk children than many others and needs to be spending more money on low-income children to counteract the negative influences that poverty can have.



Mississippi has a federal matching percentage of 77.09%. This is the highest in the nation. For every \$1.00 Mississippi spends on Matching and MOE funding, the state receives \$2.36 in the federal return match. Mississippi had not met the full state matching requirements for the three years prior to 2004, costing CCDF approximately \$33,000,000.00 in lost federal funds. In September of 2004, Mississippi Governor Haley Barbour announced at a statewide meeting of childhood and early education leaders that MDHS would meet the federal match to draw down all available dollars for the CCDF

program. Due to the Governor's directive, Mississippi's allocation was fully funded. The resulting fiscal year allocation is as follows:

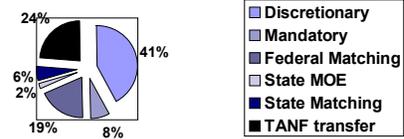
- \$34,880,554 in discretionary funds that did not require a state match
- \$6,293,116 in mandatory funds that did not require a state match
- \$15,614,179 in federal matching funds which became available due to the state match
- \$1,715,430 in Maintenance of Effort (MOE)
- \$4,906,493 in state matching funds

Due to the states funding amount of \$6,621,923 total, Mississippi will receive the \$15,614,179 available in federal matching funds in addition to the \$41,173,670 in discretionary and matching funds. This represents an overall amount of \$63,409,772 before the TANF transfer.

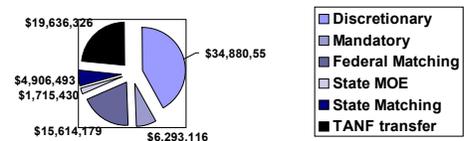
MISSISSIPPI'S STATE PLAN

Mississippi Department of Human Services (MDHS) is the lead agency for CCDF. States have discretionary decision making over key elements within the parameters of the federal law; eligibility determination, reimbursement rates to providers, copayment rates for recipients, regulation of or determination of non-regulated providers in regards to health and safety measures and consumer education. Within eligibility determina-

Child Care and Development Fund With TANF Transfer and Full State and Federal Matching Funds FY 2004



Child Care and Development Fund With TANF Transfer and Full State and Federal Matching Funds In Dollar Amounts FY 2004



Mississippi Department of Human Services (MDHS) is the lead agency for CCDF. Under the federal law they have discretionary decision making authority within the parameters of the federal law.



tion states also have the option to guarantee child care to targeted populations. Mississippi has established a service priority scale for those receiving child care certificates.

1. TANF recipients.
2. TANF Transitional Child Care recipients.
3. Children of parents utilizing Transitional Child Care.
4. Children of very low-income working parents whose income is at or below the 50th percentile of the state median income (SMI) are at risk of going on TANF, in the following order:
 - A. Teen parents currently enrolled in school full time,
 - B. Children with Special Needs,
 - C. Children in court-ordered Protective Services or court-ordered Foster Care, or
 - D. Children of all other eligible parents at this income level.
5. Based upon availability of funding, children of parents who are working or in an approved educational or training program and working the required hours whose income falls above the 50th percentile of the SMI and at or below the 85th percentile of the SMI are eligible for the program.

Approximately 20% of Mississippi families qualify for CCDF because their income is less than 50% of the State Median Income (SMI) while over 62% of Mississippi families qualify at 85% of the State Median Income (MDHS, 2003). MDHS set the income eligibility requirement using the state median income which is higher than HHS poverty levels. Eighty-five percent of a state's median income is the maximum allowable percentage under federal guidelines.

CCDF Income Eligibility Guidelines		
Family Size	85% of State Median Income	50% of State Median Income
Two	\$24,408	\$14,364
Three	\$30,156	\$17,736
Four	\$35,704	\$21,120
Five	\$41,652	\$24,504

Mississippi Department of Human Services

MDHS contracts out the implementation of the CCDF program through 10 designated agents across the state, which consists of 9 planning and development districts and 2 districts controlled the Institute for Community Services, which serves two districts.

Through these Designated Agents, 96.65% of the CCDF money is distributed through child care certificates. (Health and Human Services, 2003)



Nationwide only about 15% of the eligible population receive child care subsidies. In Mississippi only 4% of the eligible population receives subsidies.

Nation-wide only about 15% of the eligible population receive child care subsidies. In Mississippi only 4% of the eligible population receives subsidies. According to the Urban Institute for the time period of April through September of 1998, Mississippi had approximately 364,600 children living in situations where parents were either working or in education and training. Of those children 185,500 would be eligible for CCDF if the

state limits were raised to the federal maximum allowable or in Mississippi's case if money was made available after serving priority populations. 160,000 children were eligible for CCDF under the state rules in effect October 1997, meaning they fell below eligibility limits. Only 7,870 children, as a monthly average, were receiving CCDF in Mississippi (2003). According to Health and Human Services, 11,200 children are currently are on the waiting list to receive certificates (2003).

CO-PAYMENT FEES FOR PARENTS

Families not receiving TANF benefits are required to pay co-payments to their childcare provider based on income and family size (see chart on fol-

HHS POVERTY GUIDELINES			
YEAR	FIRST PERSON	EACH ADDITIONAL PERSON	FOUR-PERSON FAMILY
2004	\$9,310	\$3,180	(\$18,850)
2003	8,980	3,140	(18,400)
2002	8,860	3,080	(18,100)
2001	8,590	3,020	(17,650)
2000	8,350	2,900	(17,050)
1999	8,240	2,820	(16,700)
1998	8,050	2,800	(16,450)
1997	7,890	2,720	(16,050)
1996	7,740	2,620	(15,600)
1995	7,470	2,560	(15,150)
1994	7,360	2,480	(14,800)
1993	6,970	2,460	(14,350)
1992	6,810	2,380	(13,950)
1991	6,620	2,260	(13,400)
1990	6,280	2,140	(12,700)
1989	5,980	2,040	(12,100)
1988	5,770	1,960	(11,650)
1987	5,500	1,900	(11,200)
1986	5,360	1,880	(11,000)
1985	5,250	1,800	(10,650)
1984	4,980	1,740	(10,200)
1983	4,860	1,680	(9,900)
1982	4,680	1,540	(9,300)

US Department of Health and Human Services

Notes: 1. Note that 1999 and 2000 poverty guidelines figures should NOT be used in connection with determining poverty population figures from 2000 Decennial Census data. Poverty population figures are calculated using the Census Bureau poverty thresholds, not the poverty guidelines.

2. Note that 1989 and 1990 poverty guidelines figures should NOT be used in connection with determining poverty population figures from 1990 Decennial Census data. Poverty population figures are calculated using the Census Bureau poverty thresholds, not the poverty guidelines.

3. Figures for nonfarm families only.



Monthly Child Care Co-Payment Fees for Parents											
From	to Under	Family of 2		Family of 3		Family of 4		Family of 5		Family of 6	
		1	2	1	2	1	2	1	2	1	2
0	9,999	10	10	20	10	20	10	20	10	20	
10,000	10,999	18	13	23	10	20	10	20	10	20	
11,000	11,999	27	22	32	17	27	12	22	10	20	
12,000	12,999	35	30	40	25	35	20	30	15	25	
13,000	13,999	43	38	48	33	43	28	38	23	33	
14,000	14,999	52	47	57	42	52	37	47	32	42	
15,000	15,999	60	55	65	50	60	45	55	40	50	
16,000	16,999	68	63	73	58	68	53	63	48	58	
17,000	17,999	77	72	82	67	77	62	72	57	67	
18,000	18,999	85	80	90	75	85	70	80	65	75	
19,000	19,999	93	88	98	83	93	78	88	73	83	
20,000	20,999	102	97	107	92	102	87	97	82	92	
21,000	21,999	110	105	115	100	110	95	105	90	100	
22,000	22,999	118	113	123	108	118	103	113	98	108	
23,000	23,999	127	122	132	117	127	112	122	107	117	
24,000	24,999	135	130	140	125	135	120	130	115	125	
25,000	25,999		138	148	133	143	128	138	123	133	
26,000	26,999		147	157	142	152	137	147	132	142	
27,000	27,999		155	165	150	160	145	155	140	150	
28,000	28,999		163	173	158	168	153	163	148	158	
29,000	29,999		172	182	167	177	162	172	157	167	
30,000	30,999		180	190	175	185	170	180	165	175	
31,000	31,999				183	193	178	188	173	183	
32,000	32,999				192	202	187	197	182	192	
33,000	33,999				200	210	195	205	190	200	
34,000	34,999				208	218	203	213	198	208	
35,000	35,999				217	227	212	222	207	217	
36,000	36,999						220	230	215	225	
37,000	37,999						228	238	223	233	
38,000	38,999						237	247	232	242	
39,000	39,999						245	255	240	250	
40,000	40,999						253	263	248	258	
41,000	41,999						262	272	257	267	
42,000	42,999								265	275	
43,000	43,999								273	283	
44,000	44,999								282	292	
45,000	45,999								290	300	
46,000	46,999								298	308	
47,000	48,000								307	317	

Mississippi Department of Human Services

While so many families may potentially be eligible to receive CCDF funds, the state does not receive enough money to serve them. Even with full federal and additional state funding, CCDF would not be funded to the amount needed to serve the entire eligible population.

lowing page.) Children in foster care or protective services and children receiving SSI benefits should be assessed a co-pay of \$10.00 per month.

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**Instructions for Tier
Reimbursement Levels**
Child Care Reimbursement Tier 1*:

To qualify for Reimbursement Tier 1, the full-day, full-year child care center or group child care home, must have a current license issued by the Child Care Facilities Licensure Branch, Mississippi State Department of Health. Additionally, it must:

- Document center accreditation from the National Association for the Education of Young Children (NAEYC); or
- Document the on-site child care director is on site six to eight hours a day and holds a four-year degree in the field of Early Childhood Education or Elementary Education that includes kindergarten, and Family and Consumer Sciences with an emphasis in Child Development; or
- Document that the center has a director on site six to eight hours per day and holds a two-year associate degree from an accredited community or junior college in child development technology plus four (4) years of paid experience in child care; or the center has a director that holds the OCY Director's Credentials plus four (4) years of paid experience in child care;.

To qualify for Reimbursement Tier 1, the full-day, full-year family home provider must:

- Document the on-site child care director holds a 2 or 4-year degree or CDA in the field of Early Childhood Development.

Child Care Reimbursement Tier 2:

To qualify for Reimbursement Tier 2, the child care center or group child care home must:

- Document that it has a current license, or letter of exemption, issued by the Child Care Facilities Licensure Branch, Mississippi State Department of Health.

To qualify for Reimbursement Tier 2, the family child care provider must:

- Document that it is regulated by the Bureau of Child Nutrition, Mississippi State Department of Education.

Child Care Reimbursement Tier 3:

To qualify for Reimbursement Tier 3, all other child care providers must be listed with the OCY Designated Agent and return the Basic Health, Safety, and Nutrition Guidelines certifying that guidelines will be followed.

*Prior to October 1, 2003, all current Tier 1 providers may fall under the grandfather clause.

Effective: October 1, 2003.

TIER-BASED REIMBURSEMENT SYSTEM

Mississippi operates a Tier based reimbursement system for payment to child care providers who serve children receiving child care certificates. The basis for having a tier based system is to reward centers or programs who exhibit standards of excellence in operation. One voluntary process that some centers pursue for increased access to resources is accreditation. During this process centers must apply to the National Association for the Education of Young Children (NAEYC), and comply with a set of specific guidelines to become accredited. When pursuing accreditation, centers must be evaluated by the NAEYC in different areas of their performance including interactions among teachers and children; the curriculum; relationships among teachers and families; staff qualifications and professional development; administration; staffing; physical environment; health and safety; nutrition and food service; and procedures for self-evaluation. Once a center passes the regulations offered in all of these areas, that facility can become accredited through the NAEYC. This process can be important for centers as many states, including Mississippi, offer inducements, for centers undergoing the rigorous accreditation process. Forty-six centers in Mississippi are currently accredited by the NAEYC.

An accredited center can expect to reap the financial rewards of achieving that status. Centers can prosper from this accreditation in a variety of ways; a common way nationally is through receiving increased reimbursement rates for serving low-income children who have some form of child care subsidy. A reimbursement rate is set by the state and appropriates to providers what percentage of the going market rate for an individual child in a given area they will receive for giving care to a low-income child. Numerous researchers have pointed to a tiered system of reimbursement rates as another means to induce early care providers to increase their standards of quality and seek licensing or even accreditation.

Currently, Mississippi employs a three-tiered reimbursement system which links rates directly to the fulfillment of state-specified standards. Tier II programs, either licensed care centers or regulated family child care providers, are paid at 75 percent (the standard, informal rate, nationally) of the market rate for an unsubsidized child and form the base rate for early care providers. To reach a Tier I payment level, 10 percent above the Tier II rate, licensed centers must also garner NAEYC-accreditation or employ one or more early childhood education professionals who have director's credentials. Since 1996, more than 1,503 childcare professionals have completed the 120-hour classroom instruction and 15-hour *Module Nine* integration module. (Mississippi Forum on Children and Families, 2004). Regulations determining tier status are set by the Office of Children and Youth within the MS Department of Health and Human Services (see left column).

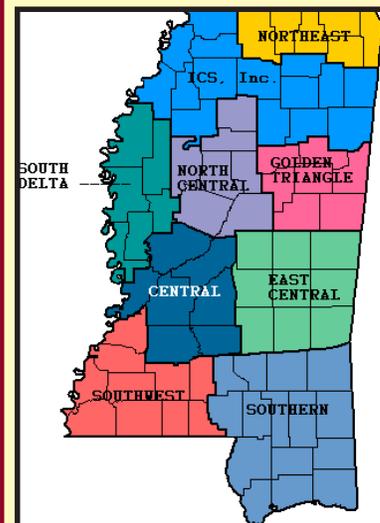


CCDF Weekly Child Care Reimbursement Tiers			
Licensed Centers/Group Child Care Homes	Tier 1	Tier 2	Tier 3
FULL-TIME			
Infants (birth to 12 months)		\$84.00	\$76.00
Toddlers (13 to 36 months)		\$80.00	\$73.00
Pre-school (3 to 5 years)		\$77.00	\$70.00
School-age: Summer			\$69.00
Special Needs (all ages)		\$91.00	\$83.00
PART-TIME			
Infants (birth to 12 months)		\$42.00	\$38.00
Toddlers (13 to 36 months)		\$41.00	\$37.00
Pre-school (3 to 5 years)		\$39.00	\$35.00
School-age: Summer		\$45.00	\$41.00
Special Needs (all ages)		\$46.00	\$42.00
Family Child Care Homes/In-Home Child Care			
	Tier 1	Tier 2	Tier 3
FULL-TIME			
Infants (birth to 12 months)	\$61.00	\$55.00	\$44.00
Toddlers (13 to 36 months)	\$58.00	\$53.00	\$42.00
Pre-school (3 to 5 years)	\$55.00	\$50.00	\$40.00
School-age: Summer	\$54.00	\$49.00	\$39.00
Special Needs (all ages)	\$65.00	\$59.00	\$47.00
PART-TIME			
Infants (birth to 12 months)	\$31.00	\$28.00	\$22.00
Toddlers (13 to 36 months)	\$30.00	\$27.00	\$22.00
Pre-school (3 to 5 years)	\$28.00	\$25.00	\$20.00
School-age: Summer	\$28.00	\$25.00	\$20.00
Special Needs (all ages)	\$33.00	\$30.00	\$24.00

Tier payments are uniform statewide and are based upon serving 75% of the current market survey. Federal law requires states to conduct a market survey every two years. The child care provider reimbursement rate cannot exceed the amount charged to the general public.

DESIGNATED AGENTS FOR DISTRIBUTION OF CCDF CERTIFICATE PROGRAM

MDHS contracts out the implementation of the CCDF program through nine designated agents across the state, which consists of eight planning and development districts and the Institute for Community Services, which serves two districts. Through these Designated Agents, 96.65% of the CCDF money is distributed through child



Designated Agents

care certificates. (Health and Human Services, 2003)

There is a wide disparity among designated agents in the amount of money spent per child served. These are the latest figures available that represented a monetary breakdown by designated agent and number of children served (designated by the maps on the following page). Looking at the dollar amount awarded by Designated Agent service district, the highest amount awarded was \$17,574,570.00 to Central Mississippi Planning and Development District. The lowest amount was for \$1,692,482.00 which went to Northeast Mississippi Planning and Development District. When looking at the distribution of children served

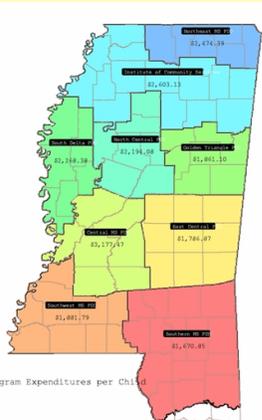




Dollar Amount in Certificate Program by Service District



Number of Children Served by District



Program Expenditures by Child

by Designated Agent service district, the highest number was 5,531 children in the Central Mississippi Planning and Development District and the lowest number was 684 children served in the Northeast Mississippi Planning and Development District. This made for a total of 25,186 children served statewide.

Using this data, researchers were able to determine program expenditures per child using the number of children served relative to amount of money expended by each designated agent. The highest amount per child was \$3,171.47 in Central Mississippi Planning and Development District. The lowest amount per child was \$1670.85 in Southern Mississippi Planning and Development District.

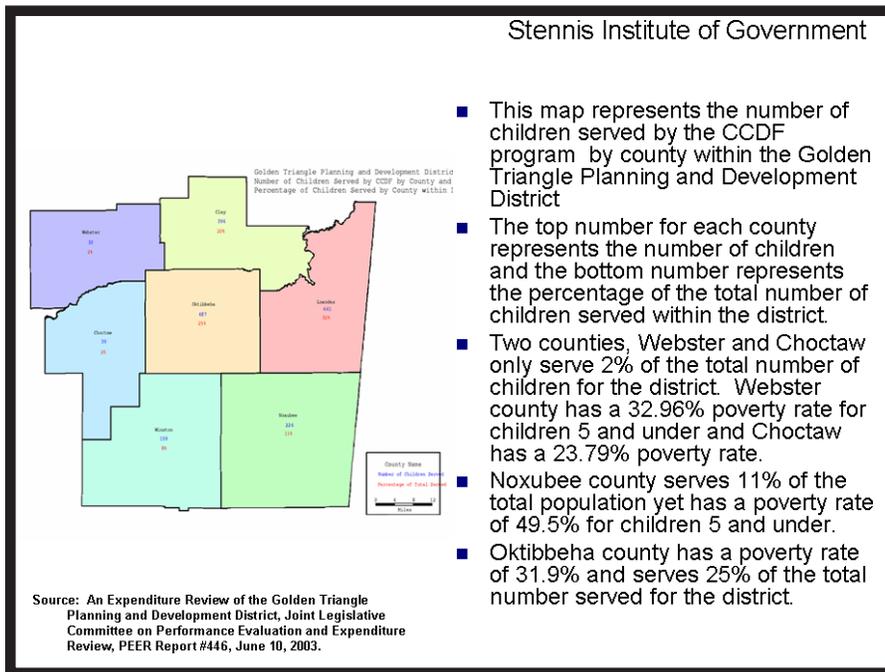
The lack of an allocation formula for the designated agents allows some districts to obtain more money regardless of number of children served. To streamline the process, designated agents should receive money as a percentage of population served throughout the state. Even within districts there seems to be no allocation among counties equal in proportion to children served as percentage of population or by poverty rates.

Researchers were able to access the number of certificates per county within only one district through analysis of information made available in a report by the Legislature’s Performance Evaluation and Expenditure Review Committee (PEER) Report “An Expenditure Review of the Golden Triangle Planning and Development District” (PEER, 2003).

A comparison was made between the distribution of certificates within that district with both the population of children and the population of children eligible for CCDF. The map on the following page represents the number of children served by the CCDF program by county within the Golden Triangle Planning and Development District. The top number for each county represents the number of children and the bottom number represents the percentage of the total number of children served within the district. Two counties, Webster and Choctaw only serve 2% of the total number of children for the district. Webster County has a 32.96% poverty rate for children 5 and under and Choctaw has a 23.79% poverty rate. Noxubee County serves 11% of the total population yet has a poverty rate of 49.5% for children 5 and under. Oktibbeha County has a poverty rate of 31.9% and serves 25% of the total number served for the district.

DATA ACCESSIBILITY

The lack of consistency between state and federally reported data is significant for this program. While the state results for that year show 25,186 children served, the federal data reports an average of approximately 17,900 children per month. The previous years federal report for FY 1998 reports Mississippi as serving an average of 8,541 children per month. They also note a disclaimer that, “The reliability of the data pro-



- This map represents the number of children served by the CCDF program by county within the Golden Triangle Planning and Development District
- The top number for each county represents the number of children and the bottom number represents the percentage of the total number of children served within the district.
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- Noxubee county serves 11% of the total population yet has a poverty rate of 49.5% for children 5 and under.
- Oktibbeha county has a poverty rate of 31.9% and serves 25% of the total number served for the district.

vided is highly questionable due to serious information system problems during the reporting period". (HHS, Administration for Children and Families, Child Care Bureau, 2004) While some of the numbers can be accounted for due to children going off the program during a fiscal year and new children coming on the program, it would seem that very few have been receiving the certificates as new enrollees. This also makes the discrepancy between the amounts of money spent per child served through the respective designated agents even more puzzling.

In general, information relating to the program was very difficult to obtain and the majority of the program information available to researchers relative to Mississippi was obtained through the US Department of Health and Human Services or other sources. Due to the variance among these different sources, determining exact numbers and financial data was extremely difficult. Even though federally-mandated reporting requirements (see right column) are very explicit in both the frequency and granularity of data to be maintained, neither the MS Department of Human Services nor their designated agents were able to provide this data, or could only provide a portion of requested data at a financially-prohibitive cost. In a letter dated October 29, 2004 from Glenn Brown, President of the Mississippi Association of Planning and Development Districts to Col. Don Taylor at MDHS, Mr. Brown states:

Be advised that in order to comply with the request, it is estimated that it would cost each PDD in excess of \$100,000. In addition, it would require an inordinate amount of staff time requiring each PDD to virtually shut down the day to day child care services while responding to the request. (Brown, 2004)

Title 42 U.S. Code CHAPTER 105 SUB-CHAPTER II-B

SUBCHAPTER II-B—CHILD CARE AND DEVELOPMENT BLOCK GRANT

§ 9858i. Reports and audits

(a) Reports

(1) Collection of information by States

(A) In general

A State that receives funds to carry out this subchapter shall collect the information described in subparagraph (B) on a monthly basis.

(B) Required information

The information required under this subparagraph shall include, with respect to a family unit receiving assistance under this subchapter information concerning—

- (i) family income;
- (ii) county of residence;
- (iii) the gender, race, and age of children receiving such assistance;
- (iv) whether the head of the family unit is a single parent;

- (v) the sources of family income, including—
 - (I) employment, including self-employment;
 - (II) cash or other assistance under—

(aa) the temporary assistance for needy families program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

(bb) a State program for which State spending is counted toward the maintenance of effort requirement under section 409(a)(7) of the Social Security Act (42 U.S.C. 609 (a)(7));

(III) housing assistance;

(IV) assistance under the Food Stamp Act of 1977 [7 U.S.C. 2011 et seq.]; and

(V) other assistance programs;

(vi) the number of months the family has received benefits;

(vii) the type of child care in which the child was enrolled (such as family child care, home care, or center-based child care);

(viii) whether the child care provider involved was a relative;

(ix) the cost of child care for such families; and

(x) the average hours per month of such care;

during the period for which such information is required to be submitted.

(C) Submission to Secretary

A State described in subparagraph (A) shall, on a quarterly basis, submit the information required to be collected under subparagraph (B) to the Secretary.

(D) Use of samples

(i) Authority A State may comply with the requirement to collect the information described in subparagraph (B) through the use of disaggregated case record information on a sample of families selected through the use of scientifically acceptable sampling methods approved by the Secretary.

(ii) Sampling and other methods The Secretary shall provide the States with such caseplanning and data collection procedures as the Sec-

continued on following page



§ 9858i. Reports and audits (continued)

retary deems necessary to produce statistically valid samples of the information described in subparagraph (B). The Secretary may develop and implement procedures for verifying the quality of data submitted by the States.

(2) Annual reports

Not later than December 31, 1997, and every 12 months thereafter, a State described in paragraph (1)(A) shall prepare and submit to the Secretary a report that includes aggregate data concerning—

(A) the number of child care providers that received funding under this subchapter as separately identified based on the types of providers listed in section 9858n (5) of this title;

(B) the monthly cost of child care services, and the portion of such cost that is paid for with assistance provided under this subchapter, listed by the type of child care services provided;

(C) the number of payments made by the State through vouchers, contracts, cash, and disregards under public benefit programs, listed by the type of child care services provided;

(D) the manner in which consumer education information was provided to parents and the number of parents to whom such information was provided; and

(E) the total number (without duplication) of children and families served under this subchapter;

during the period for which such report is required to be submitted.

(b) Audits

(1) Requirement

A State shall, after the close of each program period covered by an application approved under section 9858c (d) of this title audit its expenditures during such program period from amounts received under this subchapter.

(2) Independent auditor

Audits under this subsection shall be conducted by an entity that is independent of the State that receives assistance under this subchapter and be in accordance with generally accepted auditing principles.

(3) Submission

Not later than 30 days after the completion of an audit under this subsection, the State shall submit a copy of the audit to the legislature of the State and to the Secretary.

(4) Repayment of amounts

Each State shall repay to the United States any amounts determined through an audit under this subsection not to have been expended in accordance with this subchapter, or the Secretary may offset such amounts against any other amount to which the State is or may be entitled under this subchapter.

It should be noted that the designated agents received a \$200,000 grant from the Mississippi Department of Human Services in May of 2002 to establish a statewide record-keeping and reporting system (“Chid *[sic]* Care Information System”) [CCIS] to be operational by October of 2003 (Holmes, 2003). Though this system obviously did not aid in providing historical data regarding the CCDF childcare voucher program, it may well be of benefit to future research in this area.

Further, effective November 1, 2004, MDHS established the following reporting requirements from their designated agents. On a monthly basis, designated agents are to provide (OCY Child Care Policy Manual, 2005):

1. ACF-800 (CCIS format)
2. Monthly Certificate Reports by county and overall (GMS format)
3. Reporting worksheet (OCY format)
4. Request for cash (OCY format)

Through a simple analysis of the monitoring and reporting requirements currently in place both at the designated-agent level (by MDHS) and at the provider-level (by the designated agent), the focus on monitoring the use of CCDF provided child care funds seems centered on the providers/parents themselves. As one example, although MDHS require the four elements bulleted above, the designated agents themselves follow a much more extensive list of monitoring requirements related to providers/parents (including an extensive record review, routine auditing, and substantial parental documentation).

CONTRACT MANAGEMENT

Staff reviewed the contracts issued by the Mississippi Department of Human Services (MDHS) for the federal fiscal years 2001 and 2002. MDHS also supplied a list of contracts (Mississippi Department of Human Services 2003a.).

Contracts provided by MDHS have boilerplate formats, containing terms related to the basic federal standards and assurances, required of all applicants for federal funding. From a comparative perspective, the most noticeable feature of the contracts was the complete absence of any quantitative performance standards. Unlike contracts in many other states, MDHS contracts do not specify the number of child care units to be delivered. Although many of the contract budget narratives contain references to the cost figures used to ascertain the contract amounts, the wording of contract terms do not indicate that these figures are contractually binding as required performance levels. Moreover, there are no contract terms concerning required levels of funds utilization or levels of performance.



Most importantly, the contracts include language which almost guarantees inadequate funds utilization by specifically identifying the funding source. This is completely unnecessary and counterproductive. Responsible funds management utilizes the principle of “first in, first out” or ‘FIFO.’ This principle allows an agency to use older funds first, then newer funds, allowing them to utilize all funds available. Contract subrecipients do not need to know what the funding source is, and it should not be included as a contract term. Instead, MDHS should exercise responsible funds management at the central office and not by contract. As a result of adding specific funding sources to the contracts, 6.4 percent of FFY 1998 CCDF funding and 2.6 percent of FFY 2000 CCDF funding contracted to subrecipients lapsed.

CONTRACTING BASICS

Public managers are increasingly involved in contracting for services. One of the most problematic issues in the area of child care is the relative absence of competition in provider management procurement. Almost all of the FY 2003 contracts for child care services were awarded to winners of previous contracts. The areas of extended day and summer child care saw the emergence of new contractors in FY 2003. Only four contracts of the 29 contracts let in FY 2002 were not reissued in FY 2003, while the other 25 contracts were renewed.

Managing child care services for low income people is a relatively complex task, requiring a good deal of knowledge about the immediate community and local providers of child care services. Very few organizations in a given geographic area have the administrative capacity to compete for a large-scale contract to administer such services. Put plainly, competition for child care management contracts is practically nonexistent in most areas, not just the rural South. This situation creates a natural monopoly for such services. The risks associated monopolistic behaviors are well known, particularly with respect to price and rent-seeking behaviors (Tullock 1967; Krueger 1974, Posner 1975, Rogerson 1982, and Fisher 1985). As such, the task of contract management is all the more critical given the relative lack of market competition.

Developing good contract management practices is a complex and difficult task. Recent publications on procurement, performance-based contracting and solid contract management practices detail a number of practices to manage contracting risks through a variety of methods (Lawther 2002). In general, effective contract management and oversight practices rely on transparency and access to timely, accurate information. In fact, Lawther argues that in many cases should be a commitment by the private partners to educate or train the public partners in matters that would enhance coordination and reduce the risks of service delivery failures (Lawther 2002: 36).

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Information is the key to transparency in contracting and contract management. The free flow of information is critical to effective contract management. An information-rich environment is necessary for good contract management as well as efficient markets. Economists have long noted the importance of information in making free markets competitive and efficient. Information is also essential for parents to find the best child care alternatives for their children.

According to David P. Henderson, Director of Contract Services at the Texas Workforce Commission, one of the most important aspects of good contract management is access to the financial and performance records of the contractor (Henderson 2000: 8). Of course, the relevance of that information is dependent on the terms established in the contracts. The key to managing contracts effectively is to have measurable, outcome-based contract measures, clear statements of expectations, evaluation criteria, documentation, and the explicit descriptions of reporting requirements. Also, Henderson recommends that a risk-based assessment provide the basis for monitoring activities. Weakness in any of these areas is cause for concern and more rigorous oversight in the affected area.

THE ROLE OF INFORMATION: TRANSPARENCY AND MARKET EFFICIENCY

Information is the key to transparency in contracting and contract management. The free flow of information is critical to effective contract management. An information-rich environment is necessary for good contract management as well as efficient markets. Economists have long noted the importance of information in making free markets competitive and efficient. Information is also essential for parents to find the best child care alternatives for their children. As such, the flow of accurate, timely information about the child care market is as imperative for those who consume child care services as it is for those who manage child care contracts. In either case, the ability to see how services are being delivered and their relative costs are vitally important. Access to that kind of information is what is normally described in business as 'transparency.'

Barriers to transparency are legion. Some arise naturally, as a result of reporting cycles or as information is digested in decision-making processes. Other barriers may be cultural or social, as some people may be slow to adapt to accountability systems. Excessive delays in reporting are especially important clues to follow in safeguarding contracted public funds. After all, it does no good to have performance information after the final payments have already been made.

Other difficulties arise in correctly interpreting data. Complex analytical issues may obscure even the most transparent of systems. This is particularly true of service delivery in a program as widely and diffusely distributed as child care. Comparisons with other places, as well as an analysis of trends over time can illuminate the underlying patterns and salient differences between contractors regarding quality and availability (Harrison 1991:186-187). It is worth noting that Mississippi is one of only three states that does not use CCDF funds for consumer resource and referral services (Child Care Bureau 2003: A-28).



THE IMPORTANCE OF CONTRACT PERFORMANCE MEASURES

Performance measures can dramatically improve such comparisons; however, calculations of average costs, differences that arise in client payments through sliding scale services, variations in provider availability, quality, and rates can all be distorted unless special care is taken to align data properly (Hatry 1999). Contract managers need to match service delivery periods to billing and expenditures, and carefully inspecting out-lying cases for any peculiar circumstances.

In Texas, the Legislative Budget Board provides a mechanism for agencies to update their previously reported data each quarter, and provides an audit trail with an explanation for subsequent performance report audits (State Auditor's Office 1999). Mississippi does not audit performance statistics at the state agency level and there is no clear evidence that performance or evaluation reports from contractors to MDHS are audited either.

MONITORING PERFORMANCE

In Texas, the commissioners of the Texas Workforce Commission review child care and workforce performance measures and related expenditures in a public meeting. In fact, an audio feed is now available on the Internet for each meeting at the time the meeting is being held. Anyone in the world with a connection to the Internet can access archived since January 27, 2004 (See <http://twc.newavenue.net/>, accessed 9/25/04)

Commissioners routinely examine funds utilization, the raising of child care matching funds by local contractors, and the number of children served (average daily number). One of the key issues that commissioners have addressed in these meetings is the extent to which child care expenditures reflect full-utilization. The rates of expenditure are also examined for efficiency and effectiveness. Contractors who fail to meet performance criteria are subject to de-obligation of child care funding, which is then re-obligated to those areas with better performance.

According to Schexnayder, local board leaders and staff expressed a wide diversity of opinions about the accountability system employed by the Texas Workforce Commission, primarily with regard to local flexibility (Schexnayder et al. 2004: 17). One of the principal complaints expressed by board members during frequent teleconferences and meetings with TWC staff and commissioners, and statewide conferences staff was that the performance measures lacked flexibility. Child care performance measures reflected formula funding allocations, though some targets were revised as sanctions were imposed or where the de-obligation and re-obligation of funds from one area to another occurred as a result of inadequate utilization rates.



During the past three years, the Texas Workforce Commission has sanctioned three local contractors (workforce boards) for budgetary and performance-related problems.

The enforcement of contracting standards required significant political clout and organizational stamina. Sanctions may include a temporary suspension of local flexibility, with the implementation of a corrective action plan, and denial of access to additional funding.

As mentioned before, rigorous enforcement of contract terms is not a pleasant or popular endeavor. Monitoring and oversight activities are onerous tasks. As Schexnayder and associates noted:

“Board staff reported that performance targets were determined by the state (through the LBB and TWC) and were not negotiated with the boards. They felt that diversity among the boards and the areas they served should be taken more into consideration. The state’s emphasis on units in care concerned board staff; many boards faced pressures to serve more children with limited resources. Staff members felt that the emphasis on performance measures could limit efforts to improve quality, as meeting each of these objectives at that time was (FY 2003) a precondition to expenditures on quality improvement activities. They also thought that this could limit the autonomy of the boards to establish their own goals, as local workforce boards were held accountable for meeting these measures and could be sanctioned for noncompliance” (2004: 19).

Workforce board members were appointed by local elected officials. As such, they carried some weight with elected officials in Austin as well. Sandwiched between these groups was the agency, TWC, which is responsible for ensuring accountability for performance and the integrity of performance data reported by the boards, and subsequently to the Legislative Budget Board.

BIDDERS’ CONFERENCES

Providing bidders conferences for RFPs is one of the most important practices related to maintaining competition among potential contractors. In some cases, technical assistance is provided in lieu of bidders’ conferences when subrecipients are specifically designated by law or regulation. Without access to critical information about the bidding process, potential bidders may be left out of the competition for government contracts. This can lead to undesirable results.

Incumbent bidders on contracts have significant advantages over new bidders because of the significant investments required to compete with the incumbent’s established relationships with networks of providers and state officials. In Mississippi, this advantage has been reinforced by the apparent lack of any bidders’ conferences, where potential new bidders could learn more about the bidding and contracting process. Some bid-



ders on child care management contracts, might be using superior resources and their activities might therefore earn a surplus, typically known in economic terms as 'rent' (Fellner, 1960, p. 9). Although most bidders are nonprofit and do not recognize profits as such, rents may be distributed internally in the form of increased salaries and perks.

In most states, including most of the larger programs in Mississippi, bidders' conferences are advertised and held at convenient locations for potential bidders. Stennis staff could not locate any information related to the occurrence of a bidders' conference for child care contracts. An example of a bidders' conference can be found in Minnesota's RFP, which is available on the Internet (Minnesota Department of Children, Families, and Learning 1999: 8-9). Simply having a bidders' conference is not useful if the conferences are not convenient to potential bidders. In the case of Minnesota, four separate meetings were scheduled in 1999, at four different locations around the state so that potential bidders could attend the informational conferences.

As of September 27, 2004, the Mississippi Department of Human Services did not list its child care RFP on the U.S. Department of Health and Human Services, Administration for Children and Families website at <http://nccic.acf.hhs.gov/statedata/staterfp/index.html>.

A copy of the MDHS child care RFP was obtained on-line on July 21, 2004. It made no reference to a bidders' conference or informational meeting.

PROBLEM AREAS IN OTHER STATES & TERRITORIES

Contract monitoring problems are not unusual in the area of child care services. A number of audit reports from the federal government and from other states point to a number of weaknesses that would require rigorous contract management oversight.

General Accounting Office (GAO): In June 2004, GAO found that the U.S. Department of Health and Human Services (USHHS) did not have sufficient capacity to prevent certain problems in the CCDF program. The GAO recommended the following:

"To better assist states in managing improper payments in the TANF and CCDF programs and comply with the Improper Payments Act, we recommend that the Secretary of Health and Human Services direct the Assistant Secretary of ACF to take the following four actions:

- Develop mechanisms to gather information on a recurring basis from all states on their internal control systems for measuring and minimizing improper payments.
- Follow through on efforts to identify practices that states think are effective in minimizing improper payments and facilitate sharing of these with other states.

Contract monitoring problems are not unusual in the area of child care services. A number of audit reports from the federal government and from other states point to a number of weaknesses that would require rigorous contract management oversight.



- Where appropriate, partner with states to assess the cost-effectiveness of selected practices.
- Explore the feasibility of expanding PARIS to include CCDF, in addition to TANF, including a study of the cost-effectiveness of such a plan. In recommending these approaches, we recognize that HHS may determine that it needs legislative action to direct states to provide the information.

We also recognize that these approaches may require a shift in resources or additional resources” (General Accounting Office 2004: 47).

Guam: A performance audit finding indicated “the lack of appropriate management oversight and expenditure control of the child care program contributed significantly to the premature depletion of the federally funded Child Care Development Fund in February 2001” (Office of Public Accounts 2002). A similar problem resulted in a sanction of the East Texas board by the Texas Workforce Commission.

Indiana: As a result of problems identified in the State of Indiana, in June 2002, the State Board of Accounts issued an audit report that recommended that Family and Social Services Administration implement the following measures:

- “1. Develop contingency plans to replace noncompliant voucher agents for major programs;
2. Establish effective monitoring procedures - -
 - ensure that expenditures have appropriate supporting documentation,
 - evaluate if costs are reasonable and necessary,
 - develop methods that provide timely information,
 - ensure that all significant exceptions have corrective actions, and
 - ensure that the corrective actions are taken in a timely manner;
3. Determine the proper costs by using - -
 - allocation costs that more closely approximate actual cost;
4. Determine control weaknesses - -
 - review award methods,
 - review payment methods, and
 - review contracts with for-profits for unique weaknesses;
5. Evaluate voucher agent’s computer system - -



- enforce cost allocation plan requirements,
- evaluate the cost effect of awarding multiple contracts to one contractor, and
- enforce contract requirement for the eligibility process” (Indiana Legislative Services 2002: 2-3).

Maryland: According to the audit report by the Legislative Audit Office, “Available Federal funds were not being utilized to cover certain child care costs that were incurred by other programs within the Department of Human Resources (such as child care costs incurred by foster parents). Instead, the State’s General Fund absorbed approximately \$2.5 million of these costs during fiscal years 1998, 1999 and 2000 even though monies were available under the annual Child Care Development Fund (CCDF) block grant. This grant is administered by and is primarily used to fund costs of the Child Care Administration” (Maryland State Assembly 2001:7).

New Mexico: An audit by the Legislative Finance Committee found that child care providers owed more than \$1.2 million for overpayments dating as far back as June 1995. According to the report, “One national provider owes more than \$40,000 for its 14 New Mexico facilities.” Additionally, the report states that the “Family Automated Client Tracking System (FACTS) can generate multiple payments to the same provider for the same child for the same service period. Such payments can be appropriate when multiple providers are used; however, some are not. Some errors are the result of caseworkers not closing a former placement when a child changes providers. Most payment errors are the result of parents and providers not reporting absences. However, it would be cost prohibitive for CYFD to review attendance reports for all children; additional staff would be required. Also FACTS is not programmed to calculate co-pays. Staff are calculating co-pays manually” (Legislative Finance Committee 2004: 3).

Texas: In 2002, the State Auditor’s Office found that six local workforce boards the were audited had incomplete safeguards for the information they maintain in the Child Care Service Delivery System, which is the application the boards use to transmit data to the Agency’s Budget and Payment Application (BAPA). The auditor found that “weaknesses in the way boards administer the automated systems create a risk of processing inaccurate payments due to incomplete or inaccurate data that could not confirm because of errors in payment and case files or missing documentation account for \$1.6 million of the total estimate (\$62.4 million in audited amounts)” (State Auditor’s Office 2002). One board accounted for almost all of the errors, which amounted to three percent of the audited problems.



For a woman making minimum wage child care costs could take up to 70 % of her salary (DiNitto and Dye 1989). In Mississippi, like many other states, the costs associated with having a child in early child care averaged higher than did tuition at a four-year college. On average, center-based care may reach or exceed \$3,380, compared to an approximate total of \$2,872 for tuition at a public university (Schulman, 2003). The cost of having a child in a Tier I licensed child care center is higher than annual tuition at Mississippi State University, the University of Mississippi or the University of Southern Mississippi.

By 2003, the Workforce Commission was in the second stage of development for its Contract Analysis and Tracking System (CATS 2) to help monitor and track contract performance.

Washington State: “The Department of Social and Health Services, Division of Childcare and Early Learning, does not have adequate internal controls over support for payments made to licensed family home providers and assurance that all recovered overpayments are credited to the proper funding source.” (Washington State Auditor’s Office 2003a: F5). A special investigative report on the child care program in Mattawa, Washington found that “As a result of the falsified information on application and background inquiry forms, falsified and missing attendance records, and other missing provider documents, we are questioning the payment of an estimated \$2 million in federal funds to these 50 providers. These provider payments were charged to federal funds in the Child Care Development Fund-Discretionary during the time period reviewed. This condition was caused by weak or non-existent internal controls over the application and monitoring processes. These control weaknesses are in addition to the payment monitoring weaknesses identified in our earlier reports” (Washington State Auditor’s Office 2003b: 1).

COSTS OF CHILD CARE

An increasing percentage of parents’ income is being devoted to care for their children. In 2001 Americans spent \$38 billion on licensed child care centers (2002). These centers employed approximately 934,000 providers, slightly more than public secondary schools (ibid). The programs include Four and Five Year Old Kindergartens; Head Start; Early Head Start; preK; private, pre-kindergarten centers (typically church, parochial, or private-school-based); and family child care centers (usually run from an individual’s home). The diversity of these programs does offer parents with options for their child care, but the lack of congruity between the programs and the lack of regulation with many family child care facilities present far more problems than they solve. Data collected from differing states show that America’s early child care system needs to be expanded and improved to provide the needed education for our most at-risk group, those children aged 0-5.

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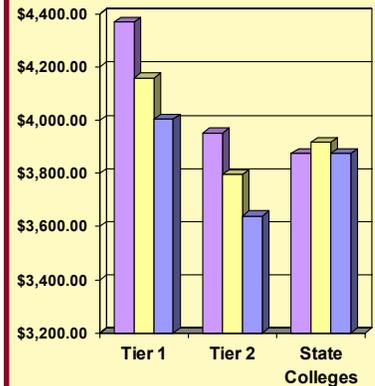
High quality child care would not be affordable for many parents without the child care certificate program. A single parent working full time at minimum wage would make \$206.00 a week before taxes. She would pay 40% of her take home salary for child care for one toddler at a Tier 2 licensed center. For two children, a toddler and a preschooler, she could pay up to 70% of her salary for a Tier 2 center. It would take 85% of her salary to pay for a Tier 1 center for a toddler and a preschooler.

Many families, even those with solid incomes, simply can not afford high-quality child care in their area, whether they live in an urban, rural, or even suburban, setting. A 2000 study of 47 cities found that the average cost for the care of a four year old "ranged from \$3,640 a year in Conway, Arkansas to \$8,121 in Boston," (Schulman, 2000) representing a significant portion of an average family's income in either locale. Another study's results showed that in all but 2 states the average cost of child care exceeded that of the tuition of public colleges (*Digest*, 2000). Plus, in cities such as Durham, North Carolina and Salt Lake City, Utah, the *Digest of Educational Statistics* found that child care costs *twice* as much as college tuition. Similarly, families pay approximately 60 percent of child care expenses while federal, state, and local governments contribute 39 percent, and the private sector offers less than 1 percent (Mitchell, 1997). A comparison of the figures at the college level found that families only pay 23 percent of the overall cost of public education at the college level while government and the private sector contribute the remainder (ibid). These figures confirm the situation facing many parents of younger children across the country and demonstrate, especially in places where early child care costs twice that of college tuition, the inequities in our policy-making and public spending within different levels of the educational process.

For unskilled women entering the work force the likelihood increases that they will be working nontraditional hours. The problems of women in the labor market increase in magnitude when the women in question have less than a high school education, no marketable skills, or are illiterate (DiNitto and Dye 1989, Rodgers 1996).

With the predominance of the service sector as the entry point into the workforce, women are more likely to be working evening, night, rotating and/or weekend shifts. The jobs available to women with little or no skills or education are generally low end service positions. Women with no marketable skills that are forced to take employment in low end service positions are often required to work shifts, which makes child care arrangements even harder to manage (DiNitto and Dye 1989). Minimum wage work does not provide an adequate salary to pay child care expenses for one child for a 40 hour work week, plus transportation, housing, food costs and medical benefits. In the case of female headed households, finding and affording adequate child care is a major problem. This in turn

Yearly Cost of Child Care by Age and Tier Compared to State College Tuition



Parents rely on this program to provide much needed help in obtaining child care.

The cost of having a child in a Tier 1 licensed child care center is higher than annual tuition at Mississippi State University, the University of Mississippi or the University of Southern Mississippi.

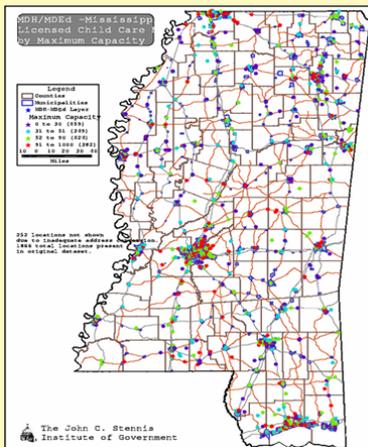
High quality child care would not be affordable for many parents without the child care certificate program.



affects their ability to compete in the labor market. Income from the source of work reduces eligibility for in-kind benefits such as food stamps, Medicaid and public housing assistance. The loss of these benefits is far more detrimental than the loss of a TANF payment.

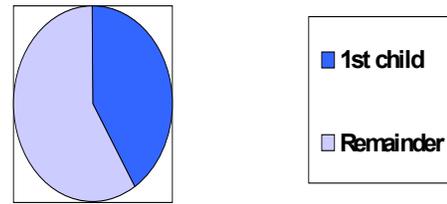
ACCESSIBILITY OF CHILD CARE

This map shows the location of licensed child care centers in Mississippi. Color codes represent maximum capacity for centers. Red represents centers with a maximum capacity of 90 or above. Licensed centers are concentrated around micropolitan areas.

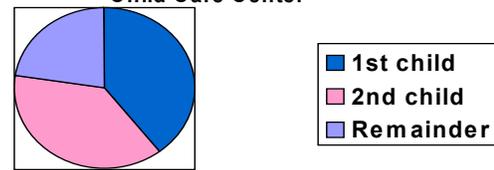


Location of licensed child care centers in Mississippi

1 Toddler in a Tier 2 Child Care Center



1 Toddler and 1 Preschooler in a Tier 2 Child Care Center



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78% of certificates are used in licensed centers. (CCB, HHS, 2003) In rural areas parents may not have access to a licensed center. Many areas in Mississippi remain underserved, especially for centers that offer extended hours and weekend care. According to data collected through the Mississippi Child Care Census, centers offering extended hour services as well as night and weekend care are extremely limited (Mississippi Child Care Census, 2004).

Low income parents seeking child care may have the additional problems of accessibility and availability. In many rural areas licensed child care centers are scarce. When looking at the statewide distribution of



licensed child care centers it would seem that children living in rural areas are doubly disadvantaged in the areas of both accessibility and affordability. Part of the early child care process for parents involves simply finding quality centers in their area. For parents to feel comfortable with their child care options, they need readily available information concerning the choices in their area. Parents in this predicament do have limited resources available in child care resource and referral agencies that help identify high-quality, local child care agencies, and although these agencies provide up-to-date information, the scope of their work is limited. In one year, they helped 1.65 million families find child care and offered parent education, health care links, and support for stay-at-home parents (*A Greater Good*, 2002). Plus, these agencies supply direct training to early child care providers (*ibid*). However, the challenges parents face in finding and evaluating the quality of those child care centers in their area outweigh any available resources in this process. For many families and single mothers, quality child care options are very limited and a large part of the reason is a lack of an adequate supply of high quality centers and programs. Shortages of programs for both infants and 3-5 year olds have been reported in studies conducted in Wisconsin, Oregon, Michigan, California, Illinois, Utah, and Hawaii (Schulman, 2003). For instance, more than 50,000 babies are born in Chicago every year where 4,431 slots for infants in licensed child care centers are available (Stohr, Lee, & Nyman, 2002). A study of child care facilities in California by the California Child Care Resource and Referral Center found that the number of center and preschool enrollment slots was 14 per every 100 for children under age 5 in the year 2000 (Fuller, Boots, Castilla, & Hirshberg, 2002). Along with numerous other studies, a 1997 U.S. General Accounting Office report found large gaps between the supply and demand of child care centers in many different communities throughout the country including Chicago; Linn County, Oregon; and Baltimore City, Maryland (*Welfare Reform*, 1997). None of these locations had even 50 percent child care coverage of their 0-5 age group.

Not only is finding standard child care an issue, but as the U.S. Bureau of Statistics pointed out, in 2001, workers with nonstandard hours comprised 14.5 percent of the full-time workforce (2002). For workers in this group who are parents, finding even adequate child care is a problem. Numerous studies in the Children's Defense Fund's *Key Facts: 2003* report showed that lower income workers are more likely to hold jobs with nontraditional hours and those with children find it extremely difficult to find full-day, full-year, or what the publication termed "continuous," care (2003). The U.S. General Accounting Office confirmed these results in a study of seven states where researchers concluded that a severe "shortage of care during nontraditional hours" existed (1995). Other studies outlined in the Children's Defense Fund report conducted in Minnesota, Texas, California, New York, North Carolina, and Pennsylvania reiterated

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Those hardest hit by the short supply of high quality child care centers are typically the working class and low-income families.

With the low availability of early child care in working class neighborhoods, the movement from welfare to work has not been an easy one for most individuals and families. Governmental assistance with child care has been necessary in most cases for parents to stay employed.

the correlation between parents' ability to work and sustain a healthy income and their access to quality child care (2003).

NEED FOR QUALITY CHILD CARE

Those hardest hit by the short supply of high quality child care centers are typically the working class and low-income families. In a multi-state study on children and families published by the National Academy Press, it was estimated that about 75 percent of low-income children receive low-quality child care, and the Children's Defense Fund further noted in a 1998 study that 22.7 percent of children under age six in this country live in poverty. These children are the most educationally "at-risk," yet the supply of early child care is not keeping up with their needs. In a Massachusetts study, the supply of child care slots was found lacking specifically in working class communities, with only 1 slot available for every 4 children aged 0-5 (Wen & Dedman, 2002). In a study of 100 U.S. counties, Fuller and Liang found a severe discrepancy in access to child care centers and preschools between poorer and wealthier communities (1995). Their research reveals that the poorest quartile of counties averaged only 5.0 child care centers and preschools and 13.4 classes, while the wealthiest quartile of counties averaged 6.1 child care and preschools and 22.0 classes. Focusing on Massachusetts, Fuller and Liang found an even larger discrepancy as the 10 percent of zip code areas with the highest number of welfare recipients contained only 8.3 preschools per 1,000 children ages 3-5, one-third lower than in higher income neighborhoods. This lack of early child care supply only makes it harder for those trying to transition from welfare in the wake of the 1996 legislation.

With the low availability of early child care in working class neighborhoods, the movement from welfare to work has not been an easy one for most individuals and families. Governmental assistance with child care has been necessary in most cases for parents to stay employed. An Economic Policy Institute study pointed out that single mothers with younger children are 40 percent more likely to be employed after two years if they receive child care assistance (Boushey, 2002). Plus, mothers without formal education, found the Institute's study, are just as likely to remain employed as mothers who have some college education, if some form of child care assistance is available (ibid). An Urban Institute study focused even further on temporary governmental assistance to families and their ability to remain in the workforce. The study showed that only 15 percent of those who used transitional funding returned to welfare while 25 percent of those who did not receive any transitional funding or child care assistance returned to welfare (Loprest, 2002). A longitudinal study of mothers trying to transition from welfare to work in California, Connecticut, and Florida found that nearly 30 percent of women reported having to quit a job in the prior year due to child care problems, with a similar



percentage deciding against taking a job for worry over their child care situation (Fuller, Kagan, Loeb et al., 2002). Similar results were shown in the study as Oregon, Illinois, and Indiana's welfare parents sought to transition to work and faced difficulties in finding affordable, quality child care.

This transition from welfare to work is not an easy one, even if some form of child care can be found. For instance, a family with both parents working a minimum wage job earns only \$21,400 a year, and in more than half of the urban areas surveyed by the Children's Defense Fund, the cost of early child care averaged \$4,500 per year (2003). This is a large percentage of many families' income, considering those transitioning from welfare generally make low wages and the fact that 25 percent of U.S. families with children under age six earned less than \$25,000 per year in 2001 (Schulman, 2003). This is where subsidized, child care can help keep parents at work without having to worry about how the conditions in which they leave their child. An Ohio mother recently stated:

It's nice to know that I come to work, I earn my money, and I can pay my bills. It's a nice feeling to walk out every Friday with a healthy paycheck instead of waiting to receive a [welfare] check every month.... There's no way you can work that much and pay \$90 to \$100 a week [for child care]. By the time you pay that you have about \$50 a paycheck—you couldn't pay bills because of day care (Schulman, 2003).

Even though some programs do provide the early child care that parents need, the Manpower Demonstration Research Corporation found that parents still report difficulties in remaining eligible for subsidized child care because of unclear rules, lack of flexibility, and parents' changing work circumstances (Schilder, Kiron, & Elliot, 2003).

A 2000 study of current and former TANF recipients in Mississippi showed that 72% of persons transitioning from welfare to work made \$6.45 or less per hour. The same study also demonstrated a lateral movement from low-wage employment to low-wage employment, rather than moving upwards economically. Only two percent of former welfare recipients in the study made above \$7.50 per hour even after they had been in the workforce over five years (TANF: Not a Way of Life, 2000).

These studies clearly link parents' ability to obtain quality child care, if any at all, with positive economic outcomes for families. A multivariate study involving supervisors of entry-level workers in Boston, Denver, and Milwaukee concluded that "current strategies for caring for children in low-income families are fragile, fluid, and patchwork," (Dodson, Manuel, & Bravo, 2000) meaning that the continuity and structure needed for both working parents and children is not currently in place. Nearly half of the employees involved in this study either lost their

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The U.S. General Accounting Office conducted a study which confirmed that with more child care subsidies, participation rates of poor mothers in the workforce could rise from 29 percent to 44 percent and near-poor mothers from 43 percent to 57 percent (1994).

jobs, lost wages, were denied a promotion, or received warnings from managers as a direct result of trying to meet familial responsibilities. The U.S. General Accounting Office conducted a study which confirmed that with more child care subsidies, participation rates of poor mothers in the workforce could rise from 29 percent to 44 percent and near-poor mothers from 43 percent to 57 percent (1994). In another study by the Families and Work Institute, Shore found that 80 percent of employees lose work time because of child care problems (1998). Thus, the ability to find quality child care has major effects on the American economy as a whole. The fiscal reality facing state legislatures does not bode well for the plight of furthering working families' access to high-quality child care either. According to a National Conference of State Legislatures report, 41 states, including Mississippi, experienced budget shortfalls last year. A General Accounting Office survey also cited 35 states who will make reductions in the scope of their child care programs, whether through reduced income eligibility, increased co-payments to parents, reduced provider payments or reduced funding to improve child care quality. Thus, it seems very likely that instead of getting better, the situation for working parents, especially those with low incomes, will only get worse in terms of child care.

Already, many researchers are extremely vocal regarding the level of the country's child care system. Numerous studies described by the Children's Fund's *Key Facts: 2003* publication have shown that "far too many American children are in poor quality care [...] [with] [l]ow-income children [...] especially at risk" (2003). One study in Colorado found America's early education to be "poor to mediocre," (Helburn, 1995) identifying only 14 percent of U.S. child care programs as providing quality care and only 8 percent as providing such care for infants and toddlers. Helburn's four-state study identified 40 percent of the rooms serving infants to be of such poor quality that they jeopardized the safety, health, and development of the children in the program. Instances of poor care included: children being vulnerable to illness because of unsanitary diapering and feeding practices; a lack of safety in classrooms; few warm, supportive relationships with adults; and a lack of books and toys needed for overall growth.

COSTS OF PROVIDING CHILD CARE

To compensate for increasing costs and lower quality care, child care centers cannot simply increase services or lower their costs as they currently operate on very tight budgets. Most of the costs of the programs are devoted to salaries, with many already unacceptably low. Schulman



identified the average salary of child care workers in the state of Mississippi as \$14,080 in 2001 (2003), a figure comparable with other states in the region and the nation. When comparing these salaries with average earnings in other fields, startling results appear. A *Policy Matters* Project report noted that funeral attendants (\$17,320) and garbage collectors (\$25,020) exceed the average salary of an early childhood education provider (2003). The low salaries of child care providers, combined with the demands of the job, lead directly to high turnover rates with center employees, which hurt the overall quality and continuity of care offered by early childhood programs.

Aside from the low salaries (nationally, child care workers earn \$6.12 per hour while parking lot attendants earn \$6.38 per hour), numerous other barriers exist to attracting and maintaining qualified, nurturing teachers into the early childhood education field. A 1998 study by the Center for the Child Care Workforce showed that only 1 in 5 centers offer fully paid health care benefits, lowering many providers' real income even more. When combining this with an increasing number of children per staff member, working conditions seem to be worsening for early care providers as well. When the turnover rate is as high as 76 percent in four years (Schulman, 2003), this situation creates a lack of continuity for children when provider personnel is constantly changing.

The ability to attract and maintain qualified, motivated individuals into any industry is a challenge which faces many employers. This is especially true when wages are low and working conditions are worsening, as they seem to be for early care providers. A center with a staff trained in child development would obviously be more likely to create a nurturing environment where the needs of the children are better served than they currently are. The National Research Council recommends a Bachelor's degree in early childhood education for teachers to provide the type of high quality learning environment prescribed by federal standards (1999). The reality is far from ideal, however, as 30 states, including Mississippi, allow early care providers to begin work with no previous training whatsoever. In fact, a 1996 study by the National Institute of Child Health and Human Development found that a total of only 18 percent of all early care providers had any training (1998). Additionally, a 1993 career development report claimed that even the public funds which are available to prospective early care providers lack long-term direction, and because of the low wages of the providers themselves, personal resources were not adequate to help further education and training (Morgan).

Legislatures across the country are responding to increase funding efforts to further the education and training for early care providers in a variety of ways. Connecticut and Rhode Island led the way in 1997 and 1998 in appropriating funds directly for enhanced education and training for early care providers (Groginsky, Robison, & Smith, 1999). Other

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states such as Massachusetts, Colorado, Arkansas, and Alabama have effected more creative measures designed to increase the training and education for their early childhood educators. These policies include scholarships for students pursuing early childhood education degrees and forgiving student loans for early care providers; donation-based license plate programs; a donation-based, check-off box on tax forms; collaborative, statewide training sessions; and the use of child care licensing fees to help fund education programs (ibid). Even though programs have been established to create more continuity in the educational process of early care providers, many gaps and incongruities still exist.

EARLY EDUCATION/CHILDHOOD DEVELOPMENT

Numerous studies have recorded the positive effects that comprehensive, early childhood education has and can have. Researchers in the field have identified many components of high-quality child care including:

- Low child-to-staff ratios;
- Small group sizes;
- High levels of staff education;
- Positive interactions between care-givers and children in which care-givers engage in discussions with children, nurture them, and attend to their needs;
- Age-appropriate stimulation to help ensure social, cognitive, and emotional skills needed to succeed in school;
- Specialized training for teachers;
- Low staff turnover;
- Experienced administrators;
- Services such as health and nutrition, social service referrals, and opportunities for parental involvement;
- Continuity of care provided by the same care givers throughout the day and year in the same location (a stable environment); and
- Active parental involvement with their child's learning process (Groginsky, Robison, & Smith, 1999).

These benchmarks would constitute a comprehensive system of early childhood education for the state.

The developmental years, numerous research studies show, are the most important in terms of what the National Center for Children and Families termed "readiness" for education, a construct which they define both in terms of the child's attitude and the condition of that child's learning environment (2003). This readiness construct, says the Center, should include physical well-being and motor development, social and emotional



development, approaches toward learning, language development, and cognition and general knowledge. Other studies have identified the same sorts of goals for children who are starting school and need to enter the first grade with developing literacy skills and the motivation to read and reach their cognitive potential (*Preventing Reading Difficulties*, 1998). Still other researchers have identified cognitive, social-emotional, and motor development as “complementary, mutually supportive areas of growth” to be developed in young children (*Eager to Learn*, 2000). More specifically, the Children’s Defense Fund further identifies the need for entering school children to “recognize their letters, be read to at least three times a week, identify their basic numbers and shapes, and understand the mathematical concept of relative size” (2003).

High quality early child care can offer our public schools children with these types of skills. A 4-state study noted that children in high quality care show higher mathematical ability, greater critical thinking skills, and fewer behavioral problems (Peisner-Feinberg, Clifford, Culkin et al., 1999). The study claims these conclusions generalize to children from a variety of backgrounds, with “particularly significant effects for children at-risk” (ibid). Other studies from Chicago to North Carolina have seen higher scholastic achievement, lower behavioral problems, higher standardized test scores (especially on math and reading), higher college attendance rates, and lower teen and young adult pregnancy (Campbell, Ramey, Sparling et al., 1999). Not only did the programs have positive effects on children, the study also found that mothers of children in early childhood education programs, especially teen mothers, pursued further education and got better jobs than similar mothers whose children were not involved with any early care program. These ripple effects account for unanticipated benefits of these types of programs.

These positive trends can be seen in many areas, but two key areas focused on by much of the literature are math skills and reading comprehension. A study of the Michigan School Readiness Program for troubled four year olds found that as 4th graders, children who had graduated from the program scored 24 percent higher in reading and 16 percent higher in math than non-program classmates (“State Funded,” 2002). The Michigan study also showed the significant economic impacts early education programs can have on the entire educational system. The Michigan program saved the state \$11 million annually through the duration of the study by decreasing the number of students who had to repeat a grade (ibid). A Colorado study focused on short-term, economic impacts as well, finding that the school system saved \$4.7 million in three years with reduced special education funding (*Colorado Preschool*, 1993).

Benefits from these early childhood education programs may be seen most effectively with children from low-income families because they can help counteract a lack of resources in the community and at home for

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Lower income children without the additional resources that a high-quality, early child care facility can supply do not have the chance to excel that their more affluent counterparts do. In a longitudinal study the U.S. Department of Education found that less than one-tenth of 1 percent of children in the lowest 20 percent of the socioeconomic class structure were reading "sight words" upon entering kindergarten, compared to 7 percent of children in the highest socioeconomic groups (Snyder & Hoffman, 2002).

some children. The U.S. Department of Education found in a 2001 study that 48 percent of children ages 3-5 whose family income was less than 200 percent of the poverty level were read to every day compared to 61 percent of children from higher income families (Schulman, 2003). Lower income households generally contain fewer, if any, books, finds High et al., in an article in *Pediatrics* (1999). A Philadelphia study also found that lower income families also do not have as many bookstores or as many titles to choose from in their neighborhoods ("Early Childhood," 2002). All of these environmental factors play a role in how ready a child is for the first grade and the rest of his or her academic career.

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Research in the early development field has focused more and more on the positive effects that early child care can have on the nation's most abundant resource: our children. Shore's research focused on the brain's growth and development and found that the highest number of synapses are produced during the 0-3 developmental years and that the brain is very sensitive to environmental conditions during this time (1997). "Nurturing, responsive care-giving," writes Shore, "plays a vital role in healthy development and directly affects the formation of neural pathways" (ibid). A 2000 impact study by the National Research Council and Institute of Medicine, *From Neurons to Neighborhoods*, found that the developmental pace of the first five years of life "exceed[s] that of any subsequent stage of life." Similarly, a 1994 Carnegie Corporation study pointed out that a child's environment and social experiences "have a decisive, long-lasting impact on their well-being and ability to learn." A 2002 report by the Ewing Marion Kauffman Foundation examined the research on early



child development and concluded that “advances in the child’s understanding of other people, self-understanding, emotional growth, self-control, conscience, and peer relationships” form much of the emotional growth necessary to excel both in and out of the classroom in a school setting. These studies mirror numerous other research studies in the body of literature and underscore the importance of quality development in young children for future educational and personal success.

States across the country have sought to increase the quality of their early child care, especially in terms of providers. However, with current budget shortfalls in 41 states, including Mississippi, creative measures have to be employed to reverse the trends of high costs for low-quality care seen in many areas. One policy initiative designed to counteract the low wages, poor benefits, and negative perceptions regarding advancement in the early childhood educational field is the program T.E.A.C.H. This project, which began in North Carolina, provides scholarships for employees in the field to further their education with a stipulation which requires participants to remain in the field for a specified amount of time. After an 8-year longitudinal study in North Carolina, the results have shown that with approximately one-third of North Carolina’s early child care staff members involved, participants averaged turnover less than 10 percent, and wages increased about 30 percent, significantly positive figures compared to those workers who did not participate in the program (Campbell et al., 1999). Similar states including Colorado, Florida, Georgia, Idaho, Illinois, Indiana, New York, Pennsylvania, and Wisconsin have also become involved with the T.E.A.C.H. program (Schulman, 2003). Other states such as Texas, Arkansas, California, New Hampshire, and Washington have implemented similar policies aimed at increasing qualifications and wages and benefits as well (ibid). The measures include bonuses for more highly educated providers, stipends and salary subsidies, and an increase in the diversion of TANF funds directly to wage increases for early care providers (ibid). Other states have forgiven student loan debts for early care providers; created donation-based license plate programs and a donation box on state tax forms; held collaborative, state-wide training sessions; and appropriated child care provider licensing fees directly to teacher training (Groginsky, Robison, & Smith, 1999).

Two ways states have tried to ensure positive outcomes in this area are the licensing and accreditation of child care centers. According to a Children’s Defense Fund report, “All states license at least some child care providers to ensure the basic health and safety of children in [regulated] child care settings” (Schulman, 2003). However, there are a wide variety of possible requirements set for regulated programs and different extents to which regulations are enforced. Only a few states such as New Hampshire and North Carolina have enacted specific credentials for teaching and other professional care providers (Groginsky, Robison, & Smith, 1999). A 2000 U.S. General Accounting Office study asserted that “states

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lacked a reasonable number of trained staff” to properly regulate the conditions of their child care programs. Plus, many states relied on the facilities themselves to self-certify the required health and safety standards to garner the federal Child Care and Development Fund block grant (ibid). One way that researchers have measured the quality of care offered by specific facilities is to analyze a center’s number of children per provider. Currently, the state’s licensing requirements allow the 2nd highest ratio of child/provider for 2 year olds at 12 to 1; the 5th highest ratio of child/provider for 3 year olds at 14 to 1; and the 7th highest ratio of child/provider for 4 year olds at 16 to 1 (Schulman, 2003). This seeming lack of stringent licensing requirements is not the state’s major concern over early child care, however.

Mississippi’s early child care programs need to be improved, rather than viewing spending in this area as a cost, policymakers should take the approach that it is an investment in Mississippi’s future. Child care investments also improve the economic viability of a large sector of the workforce. The early child care sector already accounted for 10,521 jobs in 2001, representing between \$600 and \$700 million in personal income (*Investing in*, 2003). The same report estimated that an additional 25,000 to 45,000 were indirectly related to early child care, and licensed centers alone were reported to have allowed an estimated 51,400 women to work outside the home (ibid).

The state’s parents already find it difficult to obtain high-quality, affordable, early child care, especially parents of low-income children. Mississippi had the 8th highest number of Head Start enrollees among states because of the number of low-income families in the state in 2002 (Schulman, 2003). This program provides the most comprehensive, early care services, but even with the Head Start, Early Head Start, TANF funding, and CCDF block grant funding, Mississippi only served about 30 percent of its eligible, low-income children with subsidized care while over 11,300 families who qualify for assistance are on a waiting list for care (*Investing in*, 2003). This lack of available, subsidized care contributes to the fact that Mississippi has the 2nd lowest female work rate in the nation (ibid) and to the problems policy-makers face with decisions concerning early child care.

One way that early care providers and state and local leaders have found to improve the quality of children’s educational services, meet parents’ changing needs and maximize funding and cost-effectiveness of early care centers is to create educational partnerships between state and local agencies, early care providers, and social service organizations (Schilder, Kiron, & Elliot, 2003). Policy-makers can help in this process by:

- Reviewing, researching, and disseminating information to ensure that strategies to support and promote partnership are tailored to



state context and address the unique needs of local early education providers;

- Coordinating state agencies to ensure that information about early childhood education programs is well coordinated, provided efficiently, and helps promote partnerships at the provider level;
- Providing professional development, training, and technical assistance to ensure that child care center staff members have comparable professional development standards;
- Engaging in legal and regulatory actions which authorize funding and require, or at least encourage, provider-level partnerships; and finally,
- Offering incentives to encourage providers to engage in partnerships (ibid).

These incentives may include a number of different possibilities such as grants with partnership stipulations; increased reimbursement rates for providers in partnership who meet quality standards; designated partnership slots; and direct funding to providers in partnership (ibid). The research has shown that these partnerships, where implemented, have helped to offset the fragmentation of services offered and increased standards of quality and funding sources.

IMPACT ANALYSIS

FOCUS GROUPS AND SURVEYS

Two groups impacted, the parents/children who utilize the program and the childcare providers who participate in the program, were pinpointed for participation in focus groups and surveys as a part of this research effort..

Focus groups were held in each of the designated agents' service districts using identical scripts. Separate focus groups were held for child care directors and for parents.

The results of the focus groups were analyzed and categorized according to topical area.

Information garnered from the focus groups was then used to develop the survey questionnaires for parents and childcare directors.

Each childcare director identified as participating in the certificate program was mailed a packet. Contents of the packet included a survey for the director and a number of surveys for parents whose children received a certificate. Also enclosed were a number of return address envelopes, a letter explaining the research and an informed consent document further clarifying respondent participation.

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- *Providing professional development, training, and technical assistance to ensure that child care center staff members have comparable professional development standards;*
- *Engaging in legal and regulatory actions which authorize funding and require, or at least encourage, provider-level partnerships; and finally,*
- *Offering incentives to encourage providers to engage in partnerships (Schilder, Kiron, & Elliot, 2003).*



The director was asked to distribute the parent forms and envelopes for those who chose to participate. Reminder and thank you postcards were sent to the directors on four separate occasions within the next 8 week period. Results from the surveys were entered into a data base and analyzed using the Statistical Package for Social Science (SPSS) computer program.

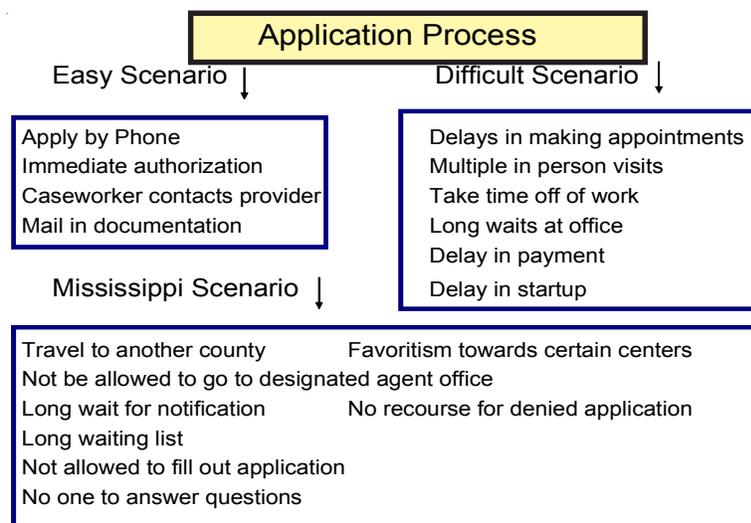
Key findings from the focus group and survey data showed:

- A positive attitude by parents and directors toward the CCDF program.
- A need for increased funding to increase access and availability of child care services.
- Problems identified primarily were at the service delivery level of implementation by the designated agents.

Policies and practices that negatively affect subsidy use were analyzed by the Urban Institute based upon the experiences of parents, providers and caseworkers (Adams, 2002). The Urban Institute developed a model of child care subsidy implementation that illustrates the “best case” or easiest scenario and what happens in a difficult scenario based upon the experiences of the parents and providers who must navigate the system.

Using the results of the data gathered from the focus groups and survey research in Mississippi, responses were applied to the Urban Institute model at each stage of the implementation process. (Illustrative models are shown on the following pages.

This method of policy assessment focusing on the impact upon end users is based upon the technique of “backward mapping”, developed by Richard Elmore as a more effective strategy to assess social service delivery systems (Elmore, 1980). Backward mapping focuses upon the final stages of implementation. More often when looking at policy implementation from the beginning stages of policymaking the focus is on identifi-



Changes in Status

Example: Increase in salary
Change in hours of work

Easy Scenario

Call Caseworker
Mail in Documentation

Difficult Scenario

Unable to reach caseworker
Multiple in person visits
Long waits at office
Take time off work

Mississippi Scenario

Travel to another county
No one to settle disputes
Not be allowed to go to designated agent office
Terminated from program
Cannot reach childcare worker at designated agent office
No one to answer questions
Required to send certified mail to designated agent

Need to Change Providers

Easy Scenario

Call Caseworker
Caseworker contacts providers
Mail in Documentation
No payment delays

Difficult Scenario

Payment Delays
Unable to reach caseworker
Multiple in person visits
Long waits at office
Take time off work

Mississippi Scenario

Travel to another county
Previous provider not notified
Not be allowed to go to designated agent office
Payment delays to new provider
Cannot reach childcare worker at designated agent office
No one to answer questions
Required to send certified mail to designated agent
No help to locate new provider
Caseworker rude and unhelpful

Recertification Process

Easy Scenario

Recertification materials mailed
In advance
Mail in Documentation
Recertification only time required
to notify of changes in status

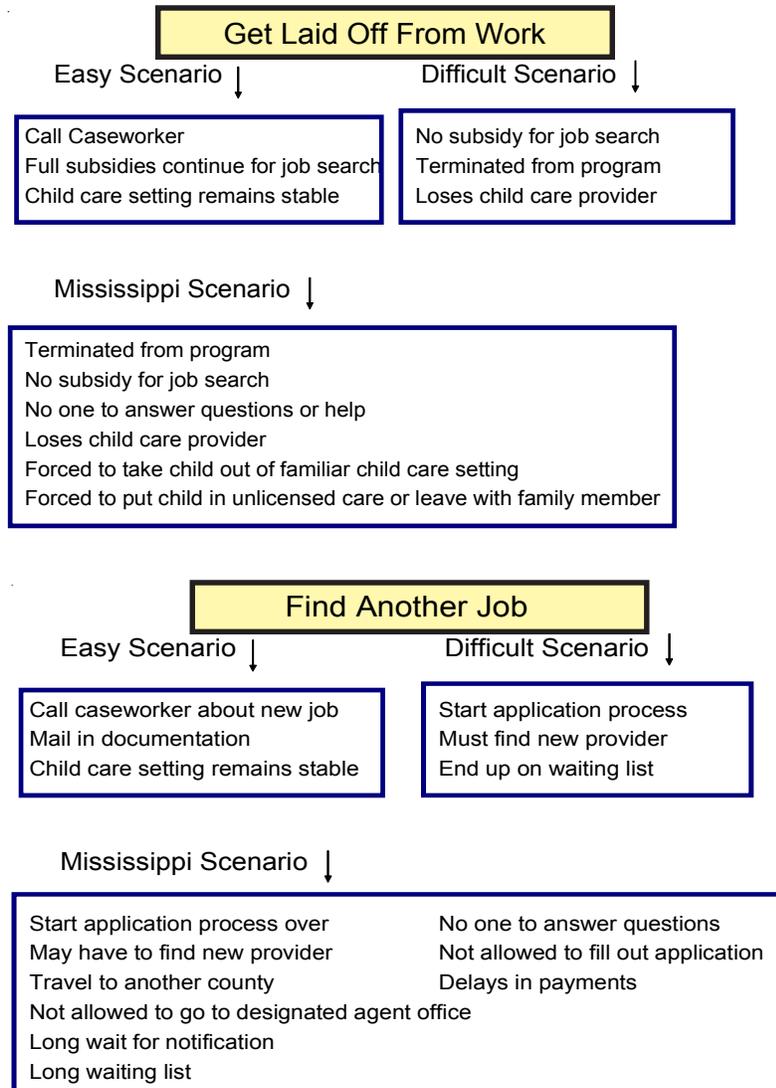
Difficult Scenario

No flexibility with appointment
In person visit(s)
Long waits at office
Take time off work

Mississippi Scenario

Terminated from program
No one to settle disputes
Cannot reach childcare worker at designated agent office
No one to answer questions
Required to send certified mail to designated agent
Problems with designated agents receiving materials
Delay in notification of recertification
Delay in payments





cation of structure, funding and control of policymakers. Graham Allison once said that 90 percent of policy action is in the implementation (1971). With the objectives of devolution being a driving force behind modern social service programs, the street-level implementation and the resulting impact upon recipients and users becomes more crucial to the evaluation of these programs. Elmore states “Although backward mapping takes the policymaker’s perspective on the implementation process, it does not assume that policy is the only- or even the major- influence on the behavior of people engaged in the process” (p.604, 1980). Backward mapping may provide a more comprehensive explanation for implementation problems in that it can include a wider range of the end user scenarios where difficulties present themselves.



Applying this model to responses from parents and providers in Mississippi illustrates the myriad of difficulties for both groups in using the child care certificate system. These problems primarily occur as a result of the implementation process of the designated agents at the service delivery level. Specifics of the service delivery system, such as client and provider interactions with the designated agents, their practices and accessibility were the most problematic areas at each stage of the process charted above. Parent responses would indicate that rather than encouraging economic independence and promoting stable child care, the subsidy system as it currently is being operated, is creating more barriers to these goals than providing supports.

IMPACT ON PARENTS

Parents rely on this program to provide much needed help in obtaining child care. Parents also discussed what they would have to do if they should lose their certificate.

Quotes from some of the parent respondents regarding what they would do if they were terminated from the program:

“...don’t know because I can barely afford child care now with assistance...”

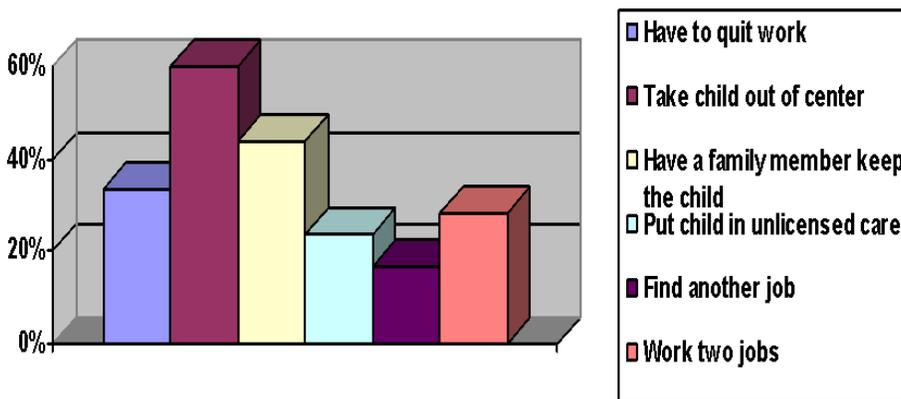
“...it would take my whole pay check for both my children to attend the center...”

“...lose everything. I am a single mom and my income is all I have and I barely survive on it...”

“...my child is moved around a lot and I can’t continue sending my child to the childcare provider....”

IMPACT ON PROVIDERS

Directors’ problems also were directed towards administration of the program and lack of available funds.

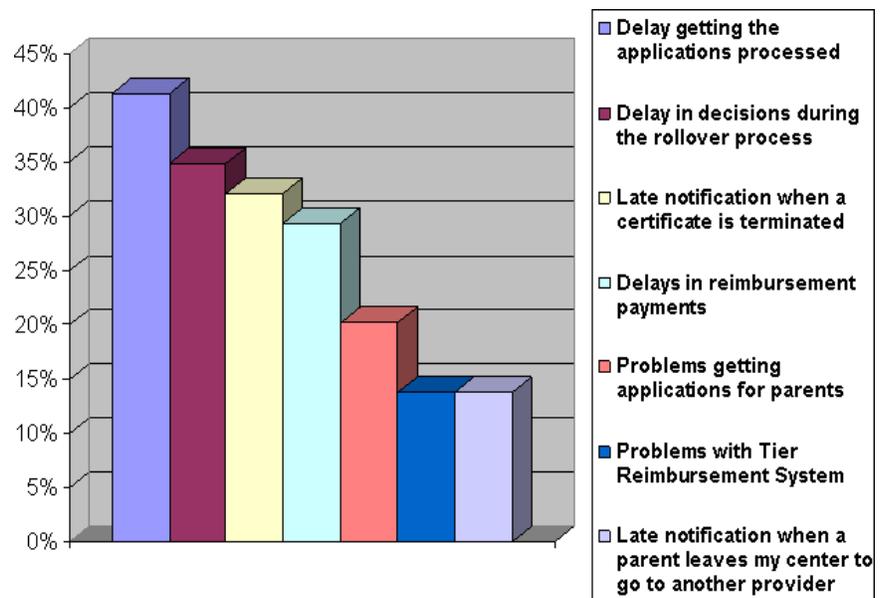


Parent’s perceptions of the impact of loss of child care voucher



A contributing factor to a lack of coverage for so many eligible, low-income children is the lack of congruity in the administration of subsidized child care. A problem for directors in centers that participate in the program is the reimbursement process itself, directors must first provide the service and then submit a request to be paid for the care given. Delays in reimbursement, combined with the fact that parental eligibility is redetermined every 6 months, makes budget planning for those centers which care for a number of low-income children all but impossible, as they never know who will be in their care at a given time.

RECOMMENDATIONS



Provider's perceptions of the impact of loss of child care

The CCDF program has tremendous potential to positively impact the labor force (and hence, the economy), as well as provide early educational opportunities for participating children. A number of programmatic recommendations may help to further these overarching goals, as well as enhance the effectiveness and efficiency of the program itself. Further, these recommendations are designed to help increase the quality of a child's experience within the child care system, since Mississippi can ill afford to neglect any generation in its most vulnerable years. Collectively, these recommendations may aid parental ability to seek, acquire, and hold employment, as well as enhance future opportunities for workforce participation by the children themselves as quality childcare and early educational experiences prepare them for entry into the educational system.



- **MAXIMIZE FUNDING AVAILABLE FROM THE FEDERAL GOVERNMENT**

Continue the practice established by the current administration of MDHS under the direction of Governor Haley Barbour for FY2004 by providing sufficient funding to successfully drawdown all available federal funding for the CCDF program. Additionally, the practice of transferring of twenty percent of available TANF funds into CCDF is vital to providing child care to Mississippi children and should be continued. Mississippi should continue to make every effort necessary to utilize available federal funds for this purpose.

- **INCREASE USE OF SLOT-BASED SYSTEM**

Increase the use of slot-based systems where the lead agency (MDHS) contracts directly with providers as part of a mixed childcare subsidy delivery system. Per federal mandate, certificates must additionally remain available for those parents who choose to self-arrange care personally.

A slot based system would allow providers to meet higher program standards, target needs of special populations, and better provide for financial stability. Increased financial stability will help to stimulate the provision of childcare services in low-income and rural areas, as well as offer higher-cost forms of childcare.

- **ENHANCE THE ECONOMIC DEVELOPMENT OPPORTUNITIES OPEN TO CHILDCARE PROVIDERS**

Mississippi's childcare providers represent a business sector ripe with the desire to provide for young children, but ill-prepared in regards to facilities, resources, and business accuracy. For the state to reach its goal of effectively utilizing private childcare rather than publicly funded childcare programs, substantial attention must be given to support and enhance private childcare programs as a viable business enterprise.

The decades of experience found within the state's various planning and development districts—organizations founded to assist with planning and economic development activities throughout the state—are crucial to the continued development of Mississippi's childcare providers from a business perspective.

To help provide for the sustained growth of the childcare industry within Mississippi, the state's planning and development districts should be transitioned into a role that better utilizes their existing expertise in business and economic development.



This “new role” for the PDD’s fits more closely with their traditional economic development mission, since the ultimate development of a state’s regional area is dependent upon the development of its human capital. Human capital development, through early and prolonged exposure to quality educational experiences beginning at the childcare center and continuing unchecked until their eventual entry into the local workforce, is the single “magic bullet” for the state’s local and regional economies.

Supporting childcare providers as private businesses (and providing necessary business development assistance along the lines of other clientele of the PDDs), as well as enabling childcare experts to design curricula that create stable childcare environments, are but two of the many efforts that could be put into place by the state’s PDD’s, while utilizing their resources in a much more effective and efficient manner.

According to our research, many parents and childcare providers feel that their current relationship with their local PDD (or designated agent) runs counter to this philosophy, in that the designated agent instead plays the role of “gate keeper” over the childcare voucher system. This process forces PDDs into the role of the strict—and often adversarial—enforcer of an antiquated bureaucratic regime, rather than establishing the PDDs as a developmental partner for the providers themselves.

Instead of involving PDD’s in determining eligibility, issuing certificates, or in dealing with individual children or families, their specific talents can be better utilized through providing:

- assistance to childcare provider business in financial management, personnel administration, and compensation;
- assistance in interpreting law and Federal requirements to childcare providers and subsequent assistance in achieving compliance;
- assistance in seeking outside funding to enhance the ability of childcare enterprises to meet quality standards.



- **ENSURE THAT CONTRACT MANAGEMENT PROCEDURES ALLOW FOR TRANSPARENT DELIVERY OF SERVICES**

Contracts between MDHS and its designated agents or providers, should be designed to promote transparency in government, in that records and data are available, auditable, can be monitored in a near-real-time, flexible fashion, and aggregate into usable statistical reference points.

Further, in regards to contract management:

- MDHS should not identify the funding year or federal program year in contracts with subrecipients; instead MDHS should FIFO funds as appropriate;
- MDHS should broaden the pool of potential bidders on RFPs for the child care management contracts by advertising more broadly;
- MDHS should provide at least four bidders conferences at least one month prior to the deadline for submission;
- MDHS should publish a monthly report on the number of children served per contract, the amount spent, and the average cost per child;
- MDHS should randomly select reports from contractors, test them for accuracy, and publish the results; and,
- MDHS should provide more information for parents by utilizing some portion of the CCDF funding for resource and referral services.

- **CONTINUE IMPLEMENTATION OF TECHNOLOGY TOOLS**

Continue and expand the use of technology tools in contributing to the success of these recommendations, over and beyond current MDHS and designated agent efforts regarding the CCIS software system. This system should develop a new approach to the current low tech, antiquated construction and maintenance of childcare rolls, must support streamlining the current bureaucratic labyrinth to remove impediments in the parental and provider application processes, support the production of timely and relevant statistics, and potentially support a resource and referral system and increased consumer education opportunities applicable to both parents and providers. Examine and utilize the “best practices” mechanisms employed by other states to help ensure that children enrolled in Mississippi’s childcare systems have not only a quality

Some Mississippi statistics of note according to the annual Child Care and Development Fund Report to Congress as of January, 2003 include:

- *CCDF children served by age: 73% Birth to 5 years of age*
- *CCDF children served by type of care: 77% in licensed centers*
- *CCDF children in unlicensed care: 65% served by relatives*
- *CCDF children in families receiving TANF: 14.6%*



experience but a safe one as well, by incorporating safeguards relative to parental pickup and dropoff and automated notification of nonattendance without prior notification.

- **PROVIDE FOR EXTERNAL AUDITING**

Establish a memorandum of understanding between MDHS and the Mississippi Department of Audit providing for routine, thorough and detailed audits of all funds made available from MDHS to designated agents and providers. Ensure that this audit includes a review of actual expenditure of these funds by the grantee. Where appropriate, utilize performance auditing made available by the State Department of Audit to increase program efficiency and effectiveness.

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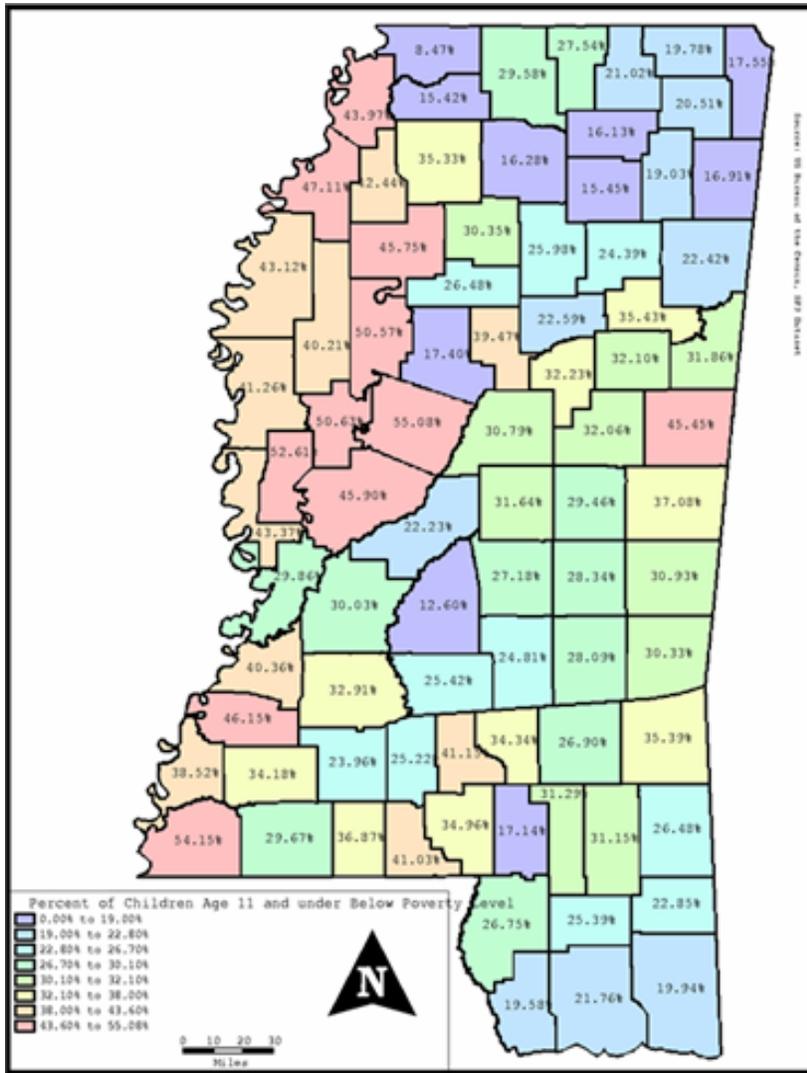


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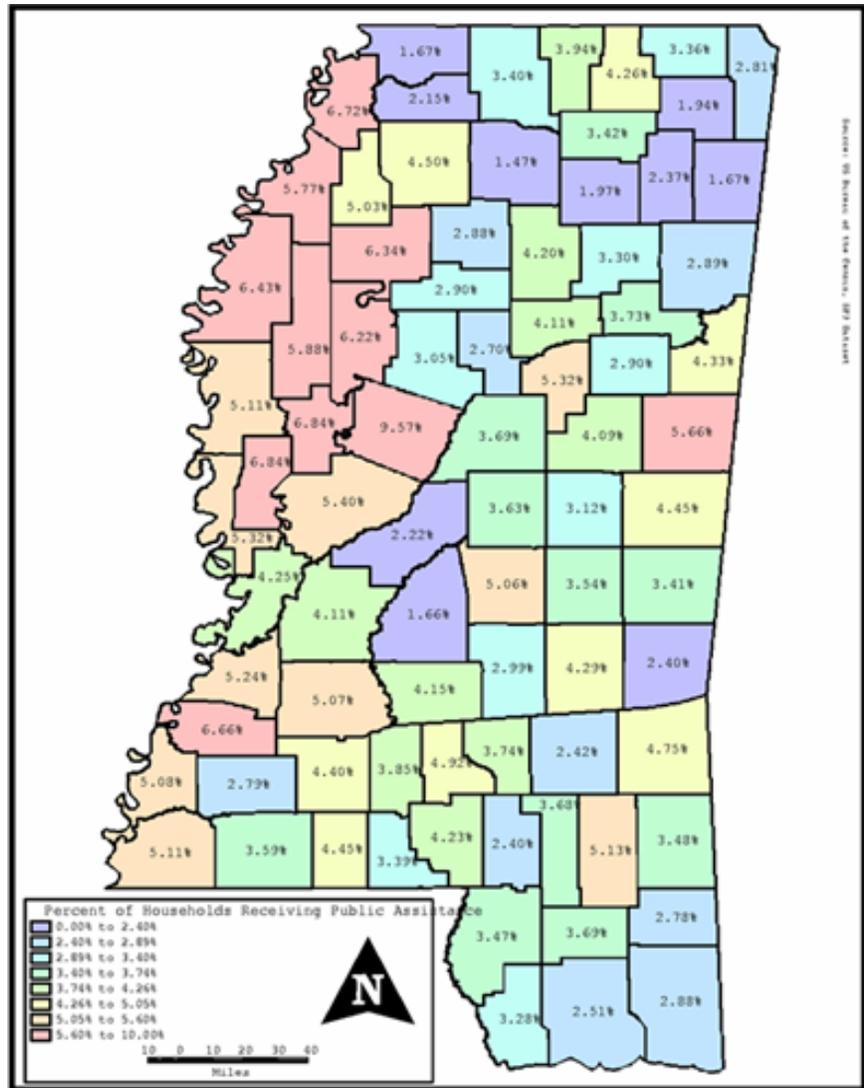
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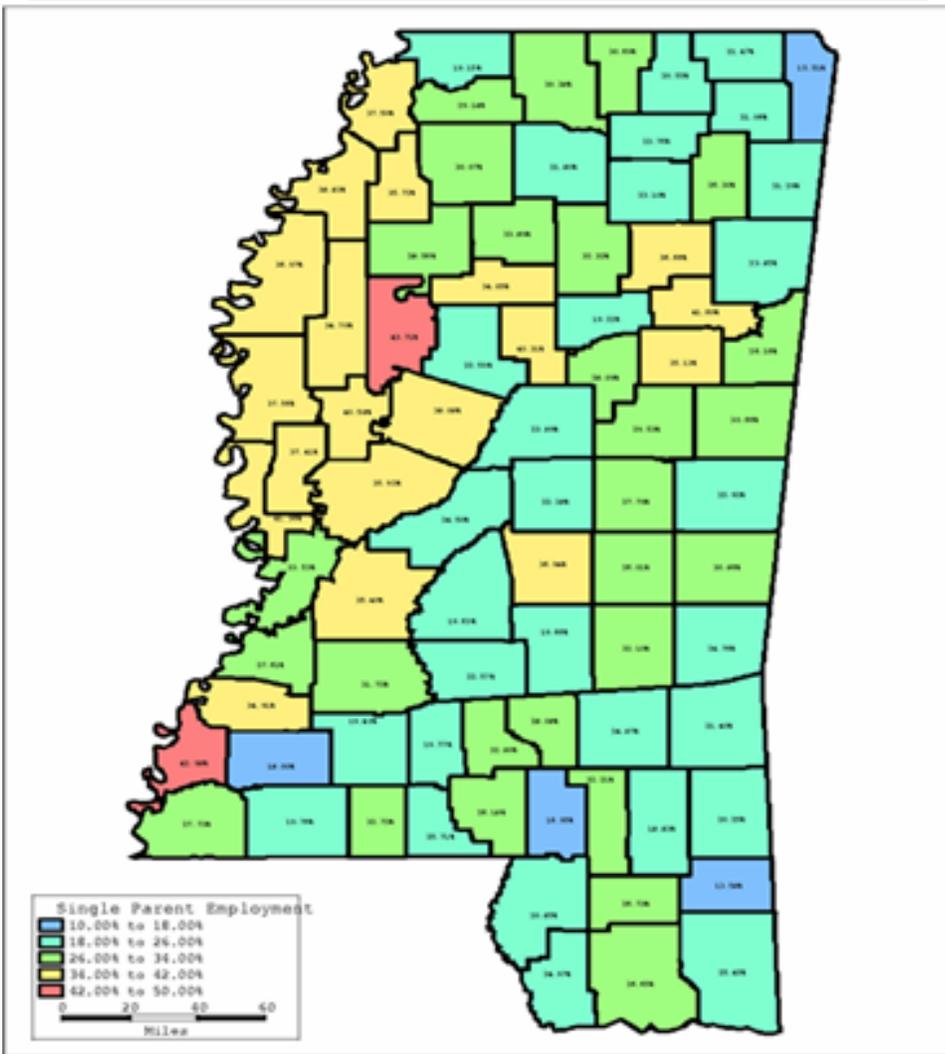
Distribution of children ages 11 and under who live in households with income below the poverty level.



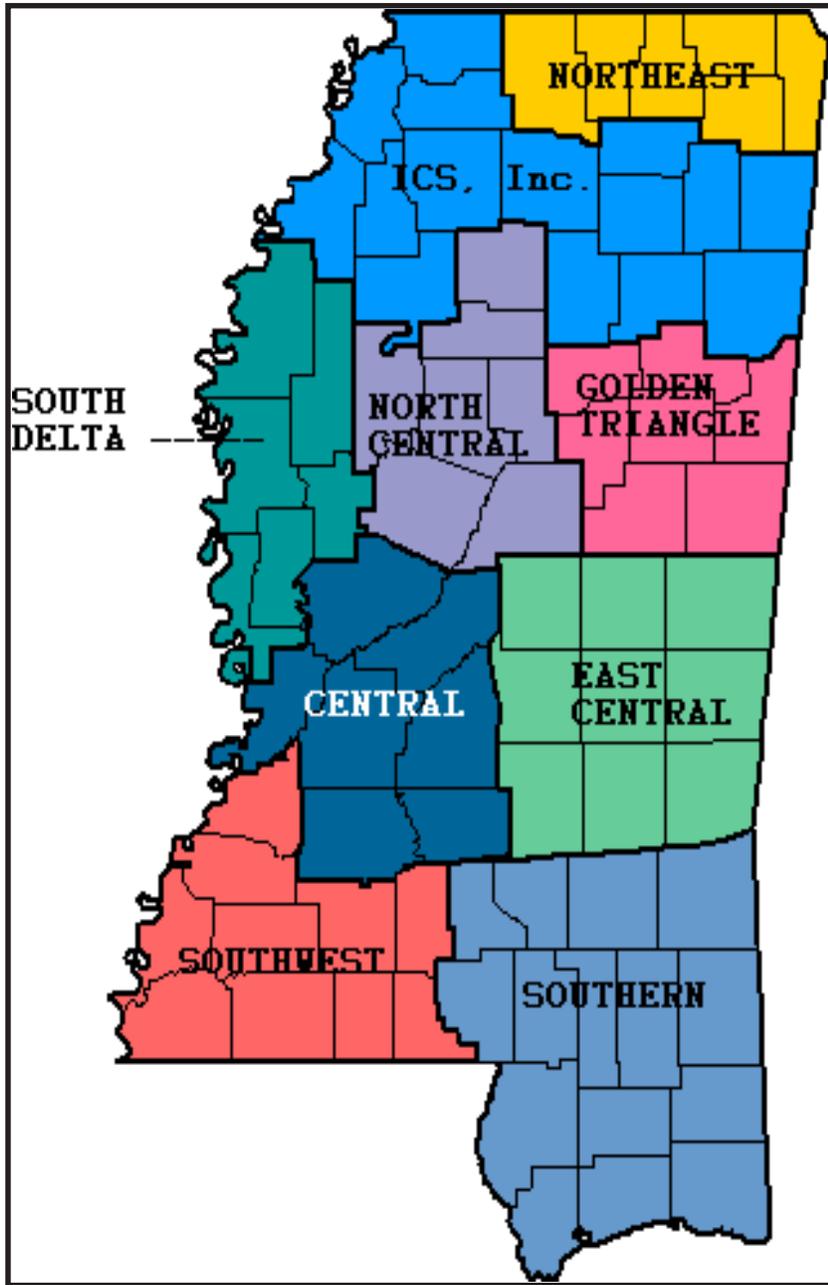


Percentage of Mississippi households receiving public assistance by county.



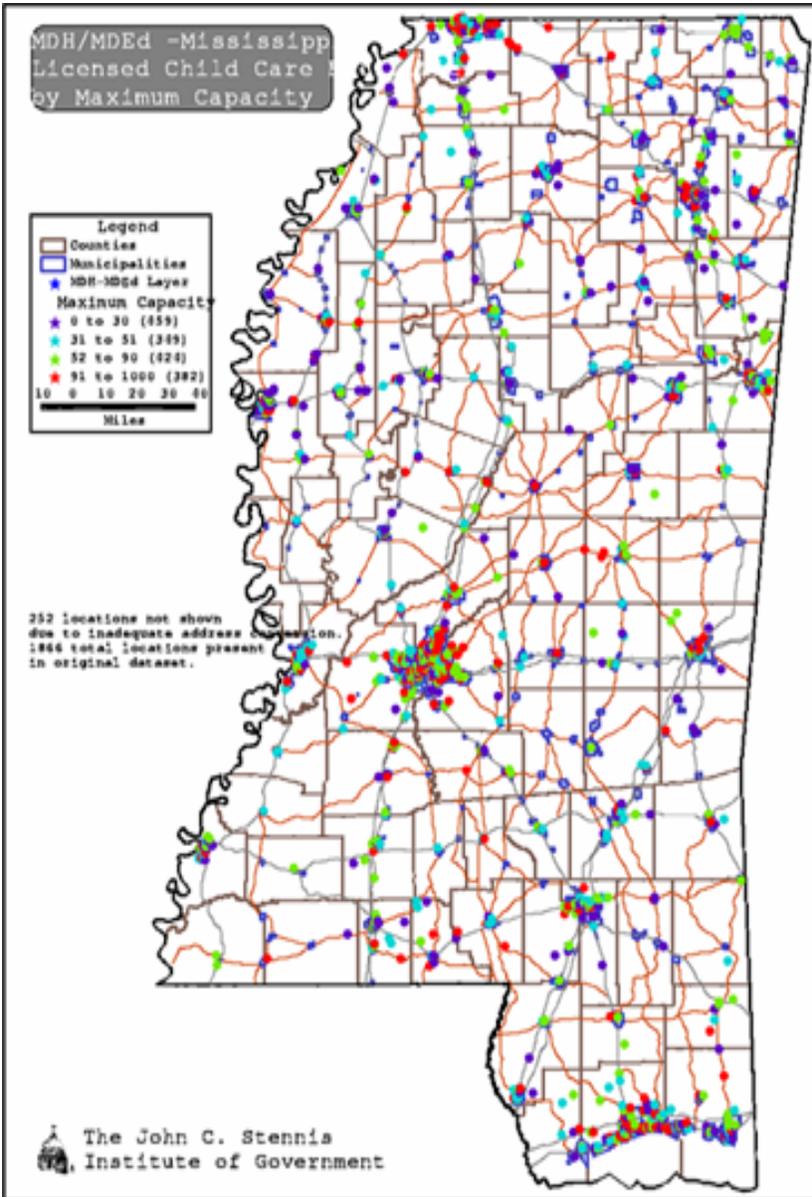


Number of children ages 6, in a single parent household where the parent is in the workforce

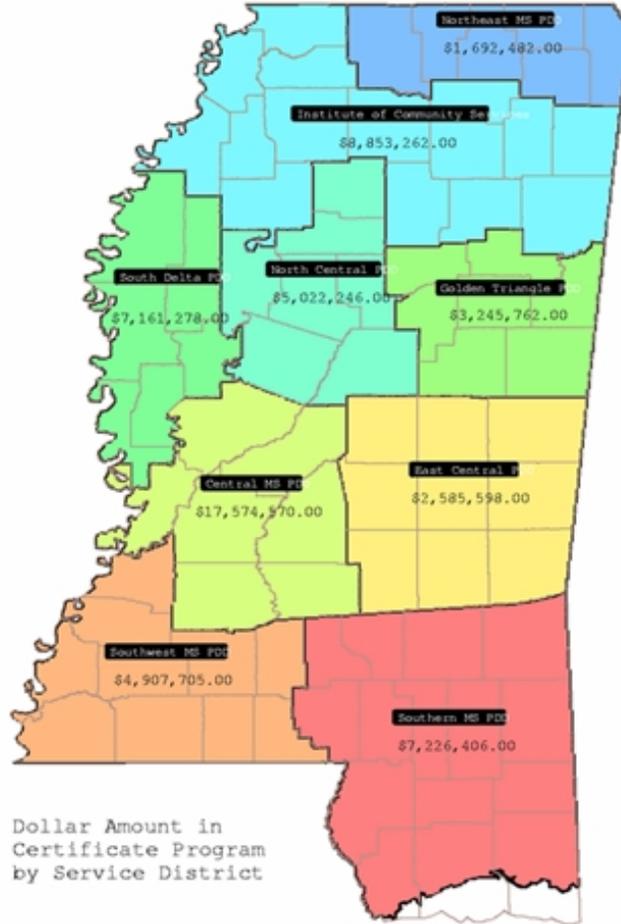


Designated Agents





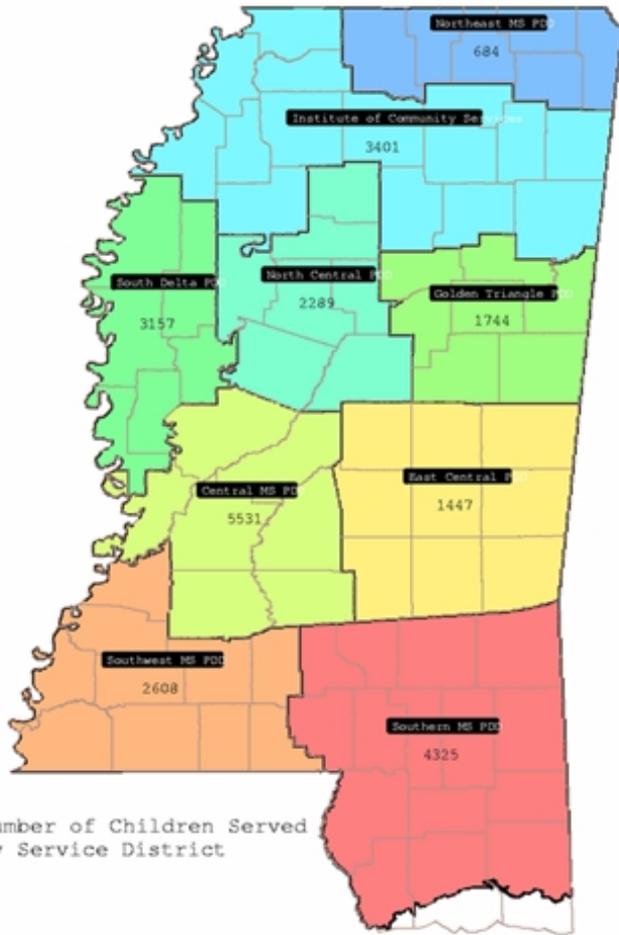
Location of licensed child care centers in Mississippi



Dollar Amount in Certificate Program by Service District

Dollar Amount in Certificate Program by Service District

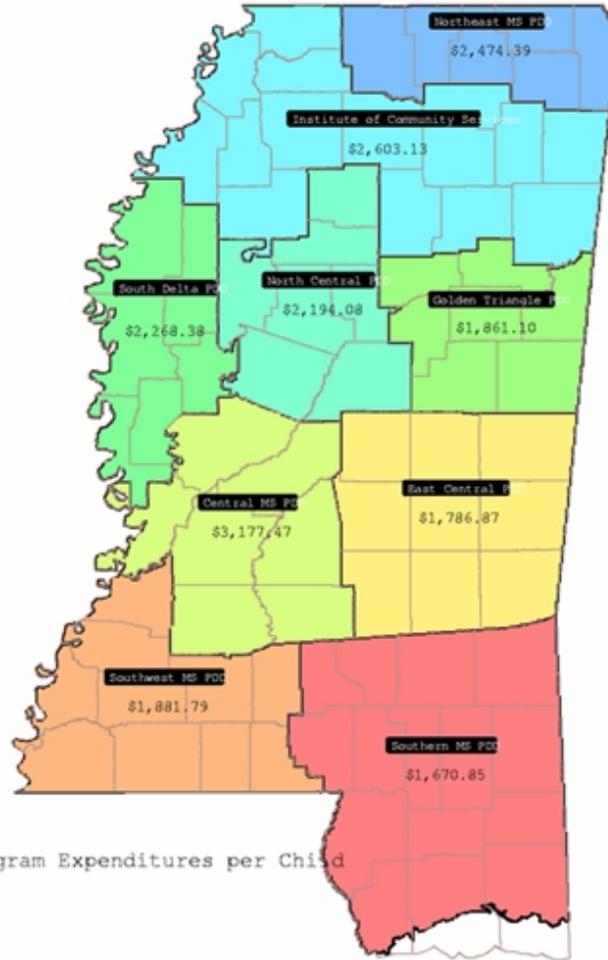




Number of Children Served
by Service District

*Number of Children Served by
District*





Program Expenditures per Child

Program Expenditures by Child



ce - research - education

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