



## Frequently asked questions

# Child Care Assistance Program (CCAP) Maximum Rate Changes

### 1) What is the Child Care Assistance Program?

The Child Care Assistance Program (CCAP) provides financial assistance to help income-eligible families pay for child care so that parents may pursue employment or education leading to employment, and that children are well cared for and prepared to enter school ready to learn.

### 2) What are maximum rates (maximum provider reimbursement rates)?

There are maximum reimbursement amounts that can be paid to child care providers who serve families participating in CCAP. The reimbursement amounts vary by the age of the child, the type of provider, and the location where care is provided. The rate paid to a provider caring for a child through CCAP cannot be higher than their typical private pay charge.

### 3) Why are maximum rates changing on February 3, 2014?

The law has changed. The new law requires the maximum rates in effect on February 3, 2014 be set at the higher of the November 28, 2011 maximum or the 25<sup>th</sup> percentile of the 2011 survey of prices charged by licensed child care providers in Minnesota (the Minnesota Child Care Provider Business Update). Legal nonlicensed hourly maximums in effect are set based on the applicable licensed family child care maximum. For specific rates see the [CCAP Standard Maximum Rates - Effective February 3, 2014](#) and [CCAP 15 Percent Quality Differential Maximum Rates - Effective February 3, 2014](#).

### 4) Which maximum rates will increase?

Approximately half of the standard hour and half of the 15 percent quality differential maximum rates in place November 28, 2011 – February 2, 2014 increase. For specific rates see the [CCAP Standard Maximum Rates - Effective February 3, 2014](#) and [CCAP 15 Percent Quality Differential Maximum Rates - Effective February 3, 2014](#).



The maximum rates in place November 28, 2011 were compared to the results of the 2011 survey of prices charged by licensed child care providers in Minnesota (the Minnesota Child Care Provider Business Update). If the 25<sup>th</sup> percentile of the 2011 survey was higher, the maximum rate was increased to match the 25<sup>th</sup> percentile.

Legal nonlicensed hourly maximums in effect are determined based on the applicable licensed family child care maximum. If the licensed family child care maximum increases, the corresponding legal nonlicensed maximum increases.

**5) Will any maximum rates decrease?**

No maximum rates decrease as a result of this legislative change.

**6) Why did some maximum rates not increase?**

If a maximum rate did not increase, this indicates that the current maximum rate effective for their provider type is at or above the 25<sup>th</sup> percentile of the child care market (as measured by the 2011 Minnesota Child Care Market Rate Survey). The legislative change allows increases only when the current maximum rate is lower than the 25<sup>th</sup> percentile of the 2011 child care market.

**7) Will maximum registration fee rates change?**

Maximum registration fees do not change as a result of this legislative change. The [Maximum Registration Fee Rates - Effective November 28, 2011](#) remain in place.

**8) What amount will the maximum rates increase?**

Increases vary. For those maximum rates that increase, weekly and daily rates increase **on average** 14 percent for centers and 6 percent for licensed family child care (LFCC). Hourly rate increases are greater. Rate increases vary, for specific rates see the [CCAP Standard Maximum Rates - Effective February 3, 2014](#) and [CCAP 15 Percent Quality Differential Maximum Rates - Effective February 3, 2014](#).

**9) How will the rate increase affect the percent of maximum rates fully covered by the maximums (access)?**

Prior to February 3, 2014, CCAP maximum rates fully covered about one-quarter of the prices charged by Minnesota's licensed providers (26 percent for licensed family child care and 23 percent for licensed center programs) and the rate of coverage had been declining for a number of years. The new maximum rates will fully cover 35 percent of the prices charged by licensed



family child care providers and 36 percent of the prices charged by licensed center programs. Child care providers may charge families the difference between their typical price and the CCAP maximum rate. Increasing the percent of provider prices fully covered by the CCAP maximum rates increases the number of providers that a family using CCAP can select without incurring those costs.

## **10) What other legislative changes impacting maximum rates are occurring?**

Changes to the accreditation types that qualify a center program to be eligible for the 15 percent quality differential will go into effect on February 3, 2014. For more information see the FAQ available on the DHS Child Care webpages [New Accreditation Approval Process for the Child Care Assistance Program \(CCAP\)](#).

On March 3, 2014:

- Providers with a 3-Star Parent Aware rating will be eligible for the 15 percent quality differential maximum rates;
- Providers with a 4-Star Parent Aware rating will be eligible for 20 percent quality differential maximum rates.

The new 20 percent quality differentials reflect a 20 percent increase (differential) above the standard maximum rates in effect February 3, 2014. For specific rates see [CCAP 20 Percent Quality Differential Maximum Rates - Effective March 3, 2014](#). Providers are eligible for only one of the differentials if they are accredited by an approved organization and hold a Parent Aware 3 or 4 star rating. The rate paid to a provider caring for a child through CCAP cannot be higher than their typical private pay charge.

## **11) How was the 25<sup>th</sup> percentile of the 2011 survey determined?**

For a description of the methodology, contact the Minnesota Department of Human Services, Child Care Assistance Program at [dhs.ccap@state.mn.us](mailto:dhs.ccap@state.mn.us).