



Washington State Department of
Early Learning

Child care subsidy contracting

Child Care Improvements for the Future Task Force



Oct. 23, 2013

**Lynne Shanafelt
DEL Child Care Administrator**

Current subsidy system in Washington

- ⦿ “Vouchers” given to families qualifying for Working Connections Child Care
- ⦿ Families use the voucher with a licensed or qualified license-exempt provider
- ⦿ State makes payment directly to the provider
- ⦿ Federal Child Care and Development Fund (CCDF) rules allow for a mixture of vouchers and contracted slots

Contracted slots model

- ⦿ State contracts a percentage of subsidy slots to eligible providers
 - ✓ CCDF rules require states to offer some vouchers
- ⦿ Providers agree to keep contracted slots filled with eligible children

Potential benefits of contracting slots

- ⊙ Continuity of care for children from low-income families
 - ✓ *Children stay in one program and build stable relationships*
- ⊙ Incentivizes child care providers to provide high-quality services, accept subsidized families
 - ✓ *Quality measured by Early Achievers*
- ⊙ Stability in funding for child care providers
 - ✓ *Allows them to focus on quality improvement*
- ⊙ Can help build full-day, high-quality programs when combined with other funding

Contracting slots in other states (FY11)

State	Grants/Contracts %
California	42%
Colorado	1%
Hawaii	34%
Illinois	6%
Indiana	2%
Maine	31%
Massachusetts	38%
Mississippi	4%
Nevada	17%
New Jersey	15%
New York	35%
Oregon	6%
South Dakota	2%
National total (Includes territories)	8%

Contracting for quality pilot

- ⦿ At what scale should we implement contracts to support Early Achievers?
- ⦿ How can contracts be used to encourage facilities to improve quality and serve low-income children who receive subsidies?
- ⦿ How does the contracting strategy support the tiered reimbursement strategy?
- ⦿ What policies, procedures and monitoring are needed to implement contracted slots. What administrative capacity?
- ⦿ Is implementation user-friendly and efficient for centers and family homes?
- ⦿ Are we realizing the benefits we anticipate with contracted slots: streamlined reimbursement for providers and better continuity for children and families?
- ⦿ How can we effectively refer eligible families to programs to make sure high-quality services are more accessible to low-income children?
- ⦿ What should the parent co-pay be?
- ⦿ Are high-quality providers more willing to take subsidized children if there is stability through contracted slots?

Contracting for quality pilot potential timeline

