



Mohammed Choudhury
State Superintendent of Schools

To: The Child Care Community
From: Mohammed Choudhury, State Superintendent of Schools 
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Subject: Policy Changes and Improvements to the Child Care Scholarship (CCS) Program

Shortly after I began my term, I became acutely aware of the struggles our child care community was (and is) facing, struggles my administration inherited but ones I resolved to address head on. My first priority was pandemic recovery -- improving implementation of federal stabilization grants and other relief efforts to make sure that our providers could sustain child care services and continue forward amidst the uncertainties and challenges of the pandemic. Throughout that effort, I also became increasingly aware of the challenges associated with the Child Care Scholarship (CCS) program. The CCS program ensures Maryland's children and families can access affordable child care, regardless of their income. The providers participating in this program are essential and their challenges are real. These challenges range from facing multiple attendance verification audits throughout the year to delayed payments. Further, slow processing of CCS program applications affects the Maryland State Department of Education's (MSDE's) ability to provide timely reimbursement for the children that providers are serving each day. Payment issues are amplified by the length of time it takes for MSDE technical systems to issue payment. Receiving payment fifteen days after the start of a service period, at best, can put providers who often work payment to payment in a precarious situation at a time when we are trying to recover from a global pandemic and get Maryland back to work while ensuring that our children have the best possible care.

For those reasons, this summer MSDE used the emergency allowances of federal Child Care Development Funds to implement some stopgap measures for the CCS program. First, we switched to an enrollment-based rather than attendance-based scholarship payment. The switch allowed MSDE to pay providers the full amount of their scholarship enrollment each two weeks regardless of whether or not children were in attendance. Second, we issued one-time additional payments in August to help offset delays of scholarship processing and ongoing pandemic-related recovery. Third, we issued a special, one-time child care scholarship program retention payment; that payment is on its way now for any provider who hasn't already received it. Those actions were Band-Aids and not intended to eliminate on-going challenges.

Today, MSDE is pleased to announce several long-term policy shifts to begin improvements intended to directly address the issues that many of our providers face -- not just now and not just temporarily but for the long term. It is my hope that these changes and our continued collaboration will grow and sustain our ever-important child care community.

Advanced, Enrollment-Based Payments

MSDE currently pays providers retroactively based on student attendance. That means, MSDE issues payment to providers based on actual student attendance after the time in which the providers served the children. For example:

If a student attends each day during a service period from November 1 – November 14, MSDE would begin to process the payment for that provider who enrolls the student with the receipted scholarship voucher on November 15.

The MSDE payment process also adds additional time. Once a provider invoice is received and processed (which can take five days), MSDE begins the payment batch process in its accounting systems. Two-to-four days later, MSDE sends payment information to the General Accounting Division of the Comptroller to remit payment. As such, providers often receive payment more than two weeks after they have already paid for and served the children who they enroll. Income margins are small for our providers and paying retroactively makes every dollar and every day count even more. MSDE recognizes this challenge and, moving forward, will make two policy shifts:

1. MSDE will pay providers in advance, not retroactively; and
2. MSDE will issue the advance payment based on enrollment, where enrollment is defined as the number of students with active CCS program scholarship vouchers assigned to a given provider at the end of the previous calendar month.

How will it work?

MSDE will condense service periods from every two weeks to a single, monthly service period. MSDE will then pay providers in advance, based on enrollment each month. MSDE will do so via two payments, one on the first and one on the fifteenth of each month. Enrollment for those payments will be calculated as the number of active receipted vouchers assigned to a given provider at the end of the previous month.

MSDE will no longer reconcile provider reimbursement based on the attendance of children with receipted scholarship vouchers and will pay for the full month regardless of the number of days a student attends.

However, in some cases, providers may receive new vouchers in the middle of the month, and in other instances, application processing times for CCS program scholarships result in vouchers being receipted retroactively after the month is over. For those reasons, MSDE will begin adjusting provider payments based on reconciled attendance and voucher information in the fourth month of the new policy (April 2023), onward. That means, if a provider was assigned additional vouchers mid-service period, MSDE will adjust the advance payment in a subsequent month. For example (note, these dollar amounts are not actual dollar amounts, just placeholder examples):

Provider A, based on the number of students enrolled, should receive \$100 for the children they will serve in the month of January, 2023. On January 1, MSDE processes a \$50 payment for the provider. On January 15, MSDE processes another \$50 payment for the provider (\$100 total). In January, due to the departure of an enrolled child mid service period (either due to voucher reassignment to another provider or the expiration of a current scholarship), MSDE should have paid the provider \$5 less than it did or \$95, total – not the full \$100. Therefore, the provider's April total advance payment is:

\$95 (excluding the exited child) - \$5 (based on actual January enrollment), which equals \$90, total.

On the April 1 payment, the advance payment for April, MSDE processes a \$45 payment. On April 15, MSDE processes another \$45 payment (\$90, total).

Provider B, based on the number of students enrolled, should receive \$100 for the children they will serve in the month of January, 2023. On January 1, MSDE processes a \$50 payment for the provider. On January 15, MSDE processes another \$50 payment for the provider (\$100 total). On January 20, two new children with active vouchers are assigned to the provider. Due to the days enrolled and attended by the two new students, MSDE should have paid the provider \$10 more than it did, or \$110 total – not just \$100. Therefore, the provider’s April total advance payment is:

\$110 (including the newly enrolled children) + \$10 (for the additional students not previously paid for in January), which equals \$120, total.

On the April 1 payment, the advance payment for April, MSDE processes a \$60 payment. On April 15, MSDE processes another \$60 payment (\$120, total).

Provider C, based on the number of students enrolled, should receive \$100 for the children they will serve in the month of January, 2023. On January 1, MSDE processes a \$50 payment for the provider. On January 15, MSDE processes another \$50 payment for the provider (\$100 total). On January 20, two new children with active vouchers are assigned to the provider. Due to the days enrolled and attended by the two new students, MSDE should have paid the provider \$10 more than it did. However, in January, due to the departure of an enrolled child mid service period (either due to voucher reassignment to another provider or the expiration of a current scholarship), MSDE should have paid the provider \$5 less than it did. Therefore, the provider’s April total advance payment is:

\$105 (including the newly enrolled children and excluding the exited child) + \$10 (for the additional students not previously paid for in January) - \$5 (based on expiring vouchers), which equals \$110, total.

On the April 1 payment, the advance payment for April, MSDE processes a \$55 payment. On April 15, MSDE processes another \$55 payment (\$110, total).

The specific timeline for the policy rollout will be:

1. On January 1, 2023, MSDE will change from two-week service periods to a single, monthly service period;
2. On January 1, 2023, MSDE will process two payments to providers, the first will be the regular payment for the last service period preceding January 1, and the second will be the first half of an advanced payment for the month of January;
3. On January 15, 2023, MSDE will process the second portion of the January advance payment;
4. MSDE will follow the same process in February and in March;
5. MSDE will build in payment adjustments or reconciliation in the April payment and onward each month thereafter. In May, MSDE will reconcile February; in June, MSDE will reconcile March, etc.

MSDE will issue an individualized notification email at the start of each month for any provider with an email in MSDE’s records to remind providers of the calculation that goes into the month’s advanced payment. The email will include the enrollment used for the calculation and the base amount, any additional funds from a previously unpaid but later receipted voucher, and a negative offset, if necessary, based on any scholarship students who left or were unassigned from a provider mid service period. For example:

Dear Provider,

MSDE has processed your April 2023 CCS program advanced payment. This month, your payment information is:

Enrollment (the number of active, receipted vouchers assigned to you as of March 20, 2023): X	
Total, unadjusted monthly amount based on enrollment	\$XXX.XX
Additional amount due to vouchers receipted and/or assigned after January 2023 advance payment	+ \$XX.XX
Offset based on actual scholarship enrollment in January 2023	- \$XX.XX
Final, total monthly amount	= \$XXX.XX
Payment amount for each of the two payment this month (<i>half of the total</i>)	\$XX.XX

Providers should continue to refer to the automated invoices from CCS central for additional detail.

Best,

The MSDE CCS Program Team

Reducing Burden from Attendance Verification Audits

MSDE takes seriously its responsibility to be a good steward of the State and federal funds that comprise the Child Care Scholarship program. Aside from our statutory and fiscal control obligations, the Office of Legislative Audits (OLA) has, in the past, found that MSDE needed to implement stringent attendance verification audit sampling amount and frequency. That finding was the genesis of the audit structure MSDE employs today. The OLA, the federal government, and MSDE are all vested in proper fiscal transparency and accountability.

MSDE also recognizes the burden that the current attendance verification audit sampling places on the child care community. As of now, MSDE audits 25% of CCS program-participating providers each service period (approximately every two weeks). That means more than 500 providers are selected every two weeks. Since each service period audit sample starts fresh, providers can be (and often are) selected frequently throughout the year, sometimes consecutively. Moving forward, **MSDE will cut the number of attendance verification audits by half.** MSDE will also explore with the General Assembly, State leadership, and our federal partners the ability to further reduce the attendance verification audit while still maintaining MSDE’s fiduciary responsibilities. MSDE is exploring reducing the percentage of providers sampled each month; reducing the frequency of attendance verification audits from once per month to once per two or three months; and reducing the likelihood a provider is selected for attendance verification audit based upon successful, consecutive previous attendance verification audits.

How will it work?

Audit sampling is based on, as indicated above, 25% of the providers per service period. Beginning January 1, 2023, MSDE will transition to a single service period per month. Consequently, the number of audits will be cut in half.

Presumptive Eligibility Pilot Program

House Bill 995 of 2021 establishes a presumptive eligibility program wherein MSDE will, upon completion of a brief and abbreviated form, **assume a Child Care Scholarship program applicant family is eligible for a voucher and begin reimbursing a provider for that child immediately.** The applicant would continue on to submit a complete application for full review and final determination. If, after that time, the applicant is still eligible, no changes would occur. If, after that time, the applicant is ineligible, the MSDE will notify the provider and will cease reimbursement. **The provider will not, under this program, need to reimburse MSDE for payments issued while MSDE presumed the family to be eligible.**

To ensure MSDE can meet its statutory deadline to implement presumptive eligibility, MSDE will embark on a pilot program this winter and spring with one jurisdiction. The pilot will allow MSDE to identify the funding necessary to sustain the program and continue to offset voucher payments MSDE makes for families who turn out to be ineligible rather than chargeback providers. MSDE will then open the full presumptive eligibility program statewide on July 1, 2023.

How will it work?

MSDE will select one jurisdiction in which to implement the pilot program. MSDE will provide detailed guidance to providers in that jurisdiction with regard to the new form, the process for submitting the form, and how MSDE will process, receipt, and assign the presumptively eligible voucher. MSDE will release that guidance this winter and will have the pilot open by spring.

Advanced Payments vs. Presumptive Eligibility

Advanced payment and presumptive eligibility both involve increasing payment speed to providers based on the children they serve, but these are different policies. Understanding the difference between the two will be important for providers and the community. Advanced payment refers to paying providers at the start of each month (and midway through the month) before they have served the children they enroll (rather than paying retroactively, after a service period). Presumptive eligibility refers to assuming, immediately upon receipt of a brief form, that a family is eligible for the CCS program and issuing a receipted voucher.

Provider and Parent Portal

In January 2023, MSDE will begin its transition to an online provider and parent portal. We understand this transition will require much communication and support, which MSDE will be sure to provide. With this portal, families and providers will have access to an online system in English or Spanish that can be used on laptops, desktops or mobile devices. The system will allow families to submit initial applications, any interim changes, redeterminations, and allow providers to submit receipted and assigned vouchers online rather than via regular mail. Providers can submit invoices, confirm attendance, and submit any necessary documentation for payment purposes. MSDE is conducting comprehensive testing with internal users as well as engaging families and providers to ensure successful launch of this system in January 2023.

Customer Service Updates

MSDE acknowledges that these policy shifts require parallel improvement in MSDE customer service for child care providers and families. MSDE will, moving forward, commit to: expand direct engagement with the child care community; provide extended customer service hours with MSDE staff for parents who need case management support; and make additional investments in MSDE vendor services to expand the number of personnel directly supporting child care scholarship processing, receipting, and assignment. MSDE will also ensure it meets its commitment to give the community clear ways to access MSDE and CCS program staff – and MSDE also commits to providing timely communication and personal case management that meet the stated timelines.

Expanding Direct Engagement

MSDE recognizes the need to become better at communicating changes clearly and in a timely fashion and doing so to the full child care community. Therefore, MSDE will continue to make it a priority to inform customers of upcoming changes in advance in a variety of formats such as email blasts, robo calls, website announcements, press releases, and advisory groups. Prior to the implementation of major programmatic changes, MSDE normally discusses this information at listening sessions and with child care advisory groups. **MSDE will prioritize soliciting feedback from a wider net of parents and providers** to ensure equity and accessibility to individuals, including those in historically underrepresented groups and the multilingual community, who are not often invited to participate in the decision-making processes.

Extended Customer Support Hours

Effective December 1, 2022, the Child Care Scholarship (CCS) Branch will offer extended office hours for parents that have “Used the Link” or reached out to a Family Resource Specialist without success. **These hours will be Tuesday through Thursday from 5pm to 9pm and Saturdays from 9am to 12pm.**

Ensuring Timely Scholarship Receipting, Issuance, and Assignment

MSDE acknowledges the challenges providers and families have experienced directly related to delays in scholarship application processing, issuance and assignment. When application materials are not reviewed fast enough, applications can time out, forcing families to start over. Once scholarship vouchers are issued, MSDE’s CCS program vendor processes and receipts vouchers. Only after that are vouchers assigned to a provider, which generates payment for the provider. In September, MSDE made additional investments in the processing of applications that directly support additional program vendor personnel assigned to the CCS program. **These investments will speed up MSDE processing times and customer response times.**

Meeting Department Commitments for Customer Contact and Case Management

MSDE customer service is most helpful when the community knows how best to reach MSDE – and when MSDE meets its stated commitments for response time.

MSDE has mailed updated contact information to all parents and providers and has provided updated contact information via email communications. In addition, a cover letter with updated contact information has been included with each document generated from The Child Care Administrative Tracking System (CCATS). The contact information on the cover letter is to be used until all documents in CCATS are updated and reprogrammed.

The most efficient way to contact ChildCareCentral2 is by submitting a customer service request form.

Parents may submit their requests and inquiries at:

<https://docs.google.com/forms/d/e/1FAIpQLScSUapLuOHlrcJfrHjO2p6XXLJYAEShAIGFMGNBuSfzmLS0Kg/viewform?vc=0&c=0&w=1&flr=0>.

Child Care Providers may submit their requests and inquiries at:

https://docs.google.com/forms/d/e/1FAIpQLSfR-ebYMMObvz0DbgiYDLYKH-jeV2HLuFGPO_8dXYx3VTjbug/viewform?vc=0&c=0&w=1&flr=0.

If the CCS program vendor is unable to fully resolve the request, inquiry, or issue within three (3) business days, you should reach out to MSDE via the email address or phone number below to receive additional, individualized support.

The MSDE-operated Child Care Central escalation inbox is: CCS2review.msde@maryland.gov

The contact information for ChildCareCentral2 is 877-227-0125.

MSDE commits to respond to emails within three (3) business days. MSDE also commits to return any unanswered calls to the primary ChildCareCentral2 phone line within three (3) business days.

It is our goal that with the increase in customer service staff at the CCS program vendor, MSDE dedicated customer service staff, the improvements identified above, and efficiencies embedded in the parent and provider portal once it is released, there will be a reduction in the amount of time providers are spending trying to support families through sending emails or making phone calls. We understand the burden on providers.

Summary

MSDE recognizes the need to do more than speak or implement stop-gap measures. MSDE hopes that the tangible policy changes and improvements will help address provider needs now and in the long-term. MSDE understands that even the most well-intentioned policy implementation plans may result in unforeseen and unintended consequences. MSDE will work to implement these changes as seamlessly as possible and commits to keeping the child care community updated along the way. MSDE will remain transparent and open about the implementation of all policies.