

## 4 Parental Choice, Equal Access, Payment Rates, and Payment Practices

Core purposes of CCDF are to provide participating parents choice in their child care arrangements and provide their children with equal access to child care compared to those children not participating in CCDF. CCDF requirements approach equal access and parental choice comprehensively to meet these foundational program goals. Providing access to a full range of child care providers helps ensure that families can choose a child care provider that meets their family's needs. CCDF payment rates and practices must be sufficient to support equal access by allowing child care providers to recruit and retain skilled staff, provide high-quality care, and operate in a sustainable way. Supply-building strategies are also essential.

This section addresses many of the CCDF provisions related to equal access, including access to the full range of providers, payment rates for providers, co-payments for families, payment practices, differential payment rates, and other strategies that support parental choice and access by helping to ensure that child care providers are available to serve children participating in CCDF.

In responding to questions in this section, OCC recognizes that each Lead Agency identifies and defines its own categories and types of care. OCC does not expect Lead Agencies to change their definitions to fit the CCDF-defined categories and types of care. For these questions, provide responses that closely match the CCDF categories of care.

### 4.1 Access to Full Range of Provider Options

Lead Agencies must provide parents a choice of providers and offer assistance with child care services through a child care certificate (or voucher) or with a child care provider that has a grant or contract for the provision of child care services. Lead Agencies are reminded that policies and procedures should not restrict parental access to any type or category of care or provider (e.g., center care, home care, in-home care, for-profit provider, non-profit provider, or faith-based provider, etc.).

#### 4.1.1 Parent choice

- a. Identify any barriers to provider participation, including barriers related to payment rates and practices, (including for family child care and in-home providers), based on provider feedback, public comment, and reports to the Lead Agency: *The Lead Agency asks providers to report any barriers in participating with the Child Care Assistance Program (CCAP) as a part of the Market Rate Survey. Providers included in the survey were asked if payment reimbursement rates were too low, if the added administrative duties, or if the time it took to receive payments were a barrier, and the highest response received were that these issues were not a barrier. Only 13% of providers reported a barrier as extreme. Some additional barriers reported included communication, mail difficulties and paperwork.*
- b. Does the Lead Agency offer child care assistance through vouchers or certificates?  
 Yes.  
 No.
- c. Does the Lead Agency offer child care assistance through grants or contracts?

Yes.

No.

- d. Describe how the parent is informed that the child care certificate allows the option to choose from a variety of child care categories, such as private, not-for-profit, faith-based providers; centers; family child care homes; or in-home providers: *The Lead Agency refers parents to the contracted child care resource and referral vendor as needed to help select from a variety of child care providers.*
- e. Describe what information is included on the child care certificate: *The certificate includes the maximum amount that can be paid by the Child Care Assistance Program and the level of care that each child has been approved for. The certificate also contains the family's co-payment amount and provides a brief overview of how payments are determined.*

## 4.2 Assess Market Rates and Analyze the Cost of Child Care

To establish subsidy payment rates that ensure equal access, Lead Agencies must collect and analyze statistically valid and reliable data and have the option to conduct either a (1) market rate survey (MRS) reflecting variations in the price to parents of child care services by geographic area, type of provider, and age of child, or (2) an ACF pre-approved alternative methodology, such as a cost estimation model, which estimates the cost of care by incorporating both data and assumptions to estimate what expected costs would be incurred by child care providers and parents under different scenarios. All Lead Agencies must analyze the cost of providing child care through a narrow cost analysis or pre-approved alternative methodology.

Prior to conducting the MRS or pre-approved alternative, Lead Agencies must consult with the State Advisory Council on Early Childhood Education and Care (designated or established pursuant to the Head Start Act (42 U.S.C. 9837b(b)(1)(A)(i)) or similar coordinating body, local child care program administrators, local child care resource and referral agencies, and other appropriate entities; and organizations representing child care caregivers, teachers, and directors. Prior to conducting the MRS or pre-approved alternative methodology, Lead Agencies must consult with the State Advisory Council on Early Childhood Education and Care (designated or established pursuant to the Head Start Act (42 U.S.C. 9837b(b)(1)(A)(i)) or similar coordinating body, local child care program administrators, local child care resource and referral agencies, and other appropriate entities; and organizations representing child care caregivers, teachers, and directors.

Note: Any Lead Agency considering using an alternative methodology instead of a market rate survey to set payment rates, is required to submit a description of its proposed approach to OCC for pre-approval in advance of developing and conducting the alternative methodology.

Advance approval is not required if the Lead Agency plans to implement both an MRS and an alternative methodology to set rates at a percentile of the market rate, but a Lead Agency conducting a limited market rate survey and using it to inform their cost model would need pre-approval for this approach. In its request for ACF pre-approval, a Lead Agency must provide details on the following elements of their proposed alternative methodology:

- Overall approach and rationale for using proposed methodology
- Description of stakeholder engagement

- Data collection timeframe (if applicable)
- Description of the data and assumptions included in the methodology, including how these elements will yield valid and reliable results from the model
- Description of how the methodology will capture the universe of providers, and reflect variations by provider type, age of children, geographic location, and quality

#### 4.2.1 Completion of the market rate survey or ACF pre-approved alternative methodology

Did the Lead Agency conduct a statistically valid and reliable MRS or ACF pre-approved alternative methodology to meet the CCDF requirements to assess child care prices and/or costs and determine payment rates? Check only one based on which methodology was used to determine your payment rates.

- a.  Market rate survey.
- i. When were the data gathered (provide a date range; for instance, September – December 2023)? [October 2023 – January 2024](#)
- b.  ACF pre-approved alternative methodology.
- i.  The alternative methodology was completed.
- ii.  The alternative methodology is in process.

*If the alternative methodology was completed:*

When were the data gathered and when was the study completed? [Click or tap here to enter text.](#)

Describe any major differences between the pre-approved methodology and the final methodology used to inform payment rates. Include any major changes to stakeholder engagement, data, assumptions or proposed scenarios. [Click or tap here to enter text.](#)

*If the alternative methodology is in progress:*

Provide a status on the alternative methodology and timeline (i.e., dates when the alternative methodology activities will be conducted, any completed steps to date, anticipated date of completion, and expected date new rates will be in effect using the alternative methodology). [Click or tap here to enter text.](#)

- c. Consultation on data collection methodology.

Describe when and how the Lead Agency engaged the following partners and how the consultation informed the development and execution of the MRS or alternative methodology, as appropriate.

- i. State Advisory Council or similar coordinating body: [The Market Rate Survey \(MRS\) was brought before the Early Childhood Council \(ECC\) in May 2023. The ECC was informed of the Lead Agency's intent to contract the survey out, the intent of the survey, and asked for feedback or suggestions on what the ECC would like to see on the MRS.](#)

- ii. Local child care program administrators: The Child Care Assistance Program administrator was responsible for monitoring the development and execution of the MRS.
  - iii. Local child care resource and referral agencies: *The Lead Agency's contracted child care resource and referral agency was involved and participated in meetings developing the MRS and weekly meetings during the collection period of the MRS. The Lead Agency's contracted child care resource and referral agency helped to collect MRS data by reaching out to child care providers as needed.*
  - iv. Organizations representing child care caregivers, teachers, and directors from all settings and serving all ages: *The Lead Agency met with the Early Childhood Advisory board in June 2023 and discussed the MRS. The Early Childhood Advisory board was informed of the Lead Agency's intent to contract the survey out, the intent of the survey, and asked for feedback or suggestions on what the board would like to see on the MRS.*
  - v. Other. Describe: *Click or tap here to enter text.*
- d. An MRS must be statistically valid and reliable.

An MRS can use administrative data, such as child care resource and referral data, if it is representative of the market. Please provide the following information about the market rate survey:

- i. When was the market rate survey completed? *January 22, 2024 was the last day the Market Rate Survey was open for completion.*
- ii. What was the time period for collecting the information (e.g., all of the prices in the survey are collected within a three-month time period)? *October 23, 2023 – January 22, 2024.*
- iii. Describe how it represented the child care market, including what types of providers were included in the survey: *Surveys were sent to all Center and Family/Group child care providers licensed in North Dakota. Provider types included were child care centers, preschool education facilities, school age child care, multiple license facilities, family child care and group care in homes and in facilities.*
- iv. What databases are used in the survey? Are they from multiple sources, including licensing, resource and referral, and the subsidy program? *An initial listing of providers eligible to complete the MRS was obtained from the child care licensing system. Information that was incomplete on a child care provider record was obtained from the Child Care Assistance Program system or the Lead Agency's contracted resource and referral agency.*

- v. How does the survey use good data collection procedures, regardless of the method for collection (mail, telephone, or web-based survey)? *The survey was multi-modal, beginning with an online survey launch, making use of telephone calling to encourage response (and in some cases, completing by telephone), and finally utilizing paper surveys via physical mail to ensure that all providers had been reached. The online survey was initially distributed via personalized link to ensure that recipients were not contacted after they had completed the survey. However, the survey was also distributed using an anonymous link (via social media, and by telephone contact to encourage immediate completion), and by QR code on postcard reminders and the mail survey letter. Additionally, the survey included multiple reminders in all three formats, so that providers were encouraged to complete the survey regardless of modality. We also made use of passive online (social media) reminders, which included an anonymous link to the survey, and at launch, conducted webinars and office hours to allow for providers' questions and concerns. The webinar recordings were also posted online for those who did not attend.*
  - vi. What is the percent of licensed or regulated child care centers responding to the survey? *42.1%*
  - vii. What is the percent of licensed or regulated family child care homes responding to the survey? *57.7%*
  - viii. Describe if the survey conducted in any languages other than English: *Click or tap here to enter text.*
  - ix. Describe if data were analyzed in a manner to determine price of care per child: *Yes. Data from the market rate portion of the survey were combined with the narrow cost analysis portion of the survey to produce a uniform price of care per child estimate. This will be detailed further in the report.*
  - x. Describe if data were analyzed from a sample of providers and if so, how the sample was weighted: *The data collected was analyzed in its completion; no sampling was used in the fielding of the survey, and as the response rates were determined to be representative both geographically and by license type, no weighting was employed.*
- e. Price variations reflected.

The market rate survey data or ACF pre-approved alternative methodology data must reflect variations in child care prices or cost of child care services in specific categories.

- i. Describe how the market rate survey or pre-approved alternative methodology reflected variation in geographic area (e.g., county, region, urban, rural). Include information on whether parts of the State or Territory were not represented by respondents and include information on how prices or costs could be linked to local geographic areas. *As North Dakota is a geographically large but not populous state, it was central to our methodology that all areas be represented evenly. Throughout fielding, we took care to keep track of response rates by Planning Region, which presented an aggregate picture of providers throughout the state (not every county contains a child care provider).*
- ii. Describe how the market rate survey or pre-approved alternative methodology reflected variation in type of provider (e.g., licensed providers, license-exempt providers, center-based providers, family child care home providers, home based providers). *Provider types included in the market rate survey were child care centers, preschool education facilities, school age child care, multiple license facilities family child care and group care in homes and in facilities. The licensing system was used to identify licensed child care providers in the state that were eligible to complete the MRS.*
- iii. Describe how the market rate survey or pre-approved alternative methodology reflected age of child (e.g., infant, toddler, preschool, school-age): *The survey uses a few questions to assess the age of children for which care is provided by the respondent. First, there are two questions (“What is the age range of children you currently accept in your program? Youngest age” and “Oldest age”) which attempt to assess the range of care provided for in a specific manner. There are also the age group breakdowns; the survey question, “Which of the following age groups does your facility serve when capacity allows? Select all that apply.” quantifies in a more easily translatable manner which age groups are served by the provider. Throughout the survey, the “age groups” breakdowns are used to refer to common care differentiations (e.g. rates charged to parents). However, some providers have noted that they have further breakdowns within these categories. This is worth noting for future iterations of the survey.*
- iv. Describe any other key variations examined by the market rate survey or ACF pre-approved alternative methodology, such as quality level: *Click or tap here to enter text.*

#### 4.2.2 Cost analysis

If a Lead Agency does not complete a cost-based pre-approved alternative methodology, they must analyze the cost of providing child care services through a narrow cost analysis. A narrow cost analysis is a study of what it costs providers to deliver child care at two or more levels of quality: (1) a base level of quality that meets health, safety, staffing, and quality requirements, and (2) one or more higher levels of quality as defined by the Lead Agency. The narrow cost analysis must estimate costs by levels of quality; include relevant variation by provider type, child’s age, or location; and analyze the gaps between estimated costs and payment rates to

inform payment rate setting. Lead agencies are not required to complete a separate narrow cost analysis if their pre-approved alternative methodology addresses all of the components required in the narrow cost analysis.

Describe how the Lead Agency analyzed the cost of child care through a narrow cost analysis or pre-approved alternative methodology for the FFY 2025–2027 CCDF Plan, including:

- a. How did the Lead Agency conduct a narrow cost analysis (e.g., a cost model, a cost study, existing data or data from the Provider Cost of Quality Calculator)? *The narrow cost analysis was conducted using a cost survey as part of the broader Market Rate Survey.*
- b. In the Lead Agency’s analysis, were there any relevant variations by geographic location, category of provider, or age of child? *Initial analyses suggest that annual expenditures were higher on average at rural childcare centers compared to urban childcare centers. Expenditures were also higher at non-home facilities than they were at home-based facilities. Annual revenues from enrollment were somewhat higher in urban facilities than they were in rural facilities and were much higher at non-home facilities than they were at home-based facilities.*
- c. What assumptions and data did the Lead Agency use to determine the cost of care at the base level of quality (e.g., ratios, group size, staff compensations, staff training, etc.)? *The study analyzed costs based on the provider’s participation in the statewide quality rating and improvement system (QRIS). All providers included in the study are required, at minimum, to meet a base level of quality (i.e. child care licensing or Step 1 Quality Rating).*
- d. How does the Lead Agency define higher quality and what assumptions and data did the Lead Agency use to determine cost at higher levels of quality (e.g., ratio, group size, staffing levels, staff compensation, professional development requirements)? A Lead Agency can use a quality improvement system or other system of quality indicators (e.g., accreditation, pre-Kindergarten standards, Head Start Program Performance Standards, or State-defined quality measures). *The study analyzed costs based on the provider’s participation in the statewide quality rating and improvement system (QRIS). All providers included in the study are required, at minimum, to meet a base level of quality (i.e. child care licensing or Step 1 Quality Rating). Providers that deliver higher levels of quality (i.e. Step 2, Step 3, or Step 4 Quality Rating) are required to implement additional quality practices related to professional development, staff qualifications, learning environment, curriculum and assessment use, and relationships amongst teachers and children.*

- e. What is the gap between cost and price, and how did the Lead Agency consider this while setting payment rates? Did the Lead Agency target any rate increases where gaps were the largest or develop any long-term plans to increase rates based on this information? *After conducting a narrow cost analysis, the Lead Agency found that there was a difference between the enrollment expenses and revenue among different types of childcare providers. While center-licensed providers were able to make a profit from their enrollment revenue and cost per child, family and group license types faced a deficit. This inequality between different license types led the state to increase CCAP rates for family and group license types to support the childcare business. The state agency plans to continue to monitor the availability of child care, and to use coding to track types of providers and whether any increases in provider payment from the ND Child Care Initiative have an effect on child care business sustainability and capacity in order to understand which payment practices best support ND child care.*

#### 4.2.3 Publicly available report on the cost and price of child care

The Lead Agency must prepare a detailed report containing the results of the MRS or ACF pre-approved alternative methodology and include the Narrow Cost Analysis if an ACF pre-approved alternative methodology was not conducted.

The Lead Agency must make this report widely available no later than 30 days after completion of the report, including posting the results on the Lead Agency website. The Lead Agency must describe in the detailed report how the Lead Agency took into consideration the views and comments of the public or stakeholders prior to conducting the MRS or ACF pre-approved alternative methodology.

Describe how the Lead Agency made the results of the market rate survey or ACF pre-approved alternative methodology report widely available to the public by responding to the questions below.

- i. Provide the date the report was completed: *The Lead Agency expects to be able to provide the information for this section by the end of June 2024.*
- ii. Provide the date the report containing results was made widely available (no later than 30 days after the completion of the report): *Click or tap here to enter text.*
- iii. Provide a link to the website where the report is posted and describe any other strategies the Lead Agency uses to make the detailed report widely available: *<https://www.hhs.nd.gov/applyforhelp/ccap>*
- iv. Describe how the Lead Agency considered partner views and comments in the detailed report. Responses should include which partners were engaged and how partner input influenced the market rate survey or alternative methodology: *Click or tap here to enter text.*

### 4.3 Adequate Payment Rates

The Lead Agency must set CCDF subsidy payment rates in accordance with the results of the current MRS or ACF pre-approved alternative methodology and at a level to ensure equal access for eligible families to child care services comparable with those provided to families not receiving CCDF assistance. Lead Agencies are also required to provide a summary of data and



facts to demonstrate how payment rates ensure equal access, which means the Lead Agency must also consider the costs of base level care and higher quality care as part of its rate setting. Finally, the Lead Agency must re-evaluate its payment rates at least every 3 years.

The ages and types of care listed in the base payment rate tables are meant to provide a snapshot of the categories of rates and are not intended to be comprehensive of all categories that might exist or to reflect the terms used by the Lead Agency for particular ages. If rates are not statewide, please provide all variations of payment rates when reporting base payment rates below.

Base rates are the lowest, foundational rates before any differentials are added (e.g., for higher quality or other purposes) and must be sufficient to ensure that minimum health, safety, quality, and staffing requirements are covered. These are the rates that will be used to determine compliance with equal access requirements.

#### 4.3.1 Payment rates

- a. Are the payment rates that the Lead Agency is reporting in 4.3.2 set statewide by the Lead Agency?
  - Yes.
    - i. If yes, check if the Lead Agency:
      - Sets the same payment rates for the entire State or Territory.
      - Sets different payment rates for different regions in the State or Territory.
  - No.
    - ii. If no, identify how many jurisdictions set their own payment rates: [Click or tap here to enter text.](#)
- b. Provide the date the current payment rates became effective (i.e., date of last payment rate update based on most recent MRS or ACF pre-approved alternative methodology as reported in 4.2.1). *October 2024*
- c. If the Lead Agency does not publish weekly rates, then how were the rates reported in 4.3.2 or 4.3.3 calculated (e.g., were daily rates multiplied by 5 or monthly rates divided by 4.3)? [Click or tap here to enter text.](#)

#### 4.3.2 Base payment rates

- a. Provide the base payment rates in the tables below. If the Lead Agency completed a market rate survey (MRS), provide the percentiles based on the most recent MRS for the identified categories. If the Lead Agency sets different payment rates for different regions in the State or Territory (and checked 4.3.1aii), provide the rates for the most populous region as well as the region with payment rates set at the lowest percentile. Percentiles are not required if the Lead Agency also conducted an ACF pre-approved alternative methodology but must be reported if the Lead Agency conducted an MRS only.

The preamble to the 2016 final rule states that a benchmark for adequate payment rates is the 75<sup>th</sup> percentile of the most recent MRS. The 75<sup>th</sup> percentile benchmark

applies to the base rates. The 75<sup>th</sup> percentile is the number separating the lowest 75 percent of rates from the highest 25 percent. Setting rates at the 75<sup>th</sup> percentile, while not a requirement, would ensure that eligible families can afford three out of four child care providers. In addition to reporting the 75<sup>th</sup> percentile in the tables below, the Lead Agency must also report the 50<sup>th</sup> percentile and 60<sup>th</sup> percentile for each identified category.

If the Lead Agency conducted an ACF pre-approved alternative methodology, provide the estimated cost of care for the identified categories, as well as the percentage of the cost of care covered by the established payment rate. If the Lead Agency sets different payment rates for different regions in the State or Territory (and checked 4.3.1a ii), provide the estimated cost of care and the percentage of the cost of care covered by the established payment rate for the most populous region as well as the region with rates established at the lowest percent of the cost of care.

For each identified category below, provide the percentage of providers who are receiving the base rate without any add-ons or differential payments.

Provide the full-time weekly base payment rates in the table below. If weekly payment rates are not published, then the Lead Agency will need to calculate its equivalent.

Care Type	Base payment rate (specify unit, e.g., per day, per week, per month)	% of providers receiving Base rate	Full-Time Weekly Base Payment Rate	What is the percentile of the rate? (MRS)	What is the 50th percentile of the rate? (MRS)	What is the 60th percentile of the rate? (MRS)	What is the 75th percentile of the rate? (MRS)	What is the estimated cost of care? (Alternative Methodology)	What percent of the estimated cost of care is the rate?
Center Care for Infants (6 months)	\$1278	100%	\$319.50	76%	\$1083.33	\$1148.33	\$1243.33	<i>Click or tap here to enter text.</i>	<i>Click or tap here to enter text.</i>
Family Child Care for Infants (6 months)	\$980	100%	\$245	86%	\$799.50	\$845.00	\$866.67	<i>Click or tap here to enter text.</i>	<i>Click or tap here to enter text.</i>
Center Care for Toddlers (18 months)	\$1243	100%	310.75	88%	\$1045.42	\$1083.33	\$1148.33	<i>Click or tap here to enter text.</i>	<i>Click or tap here to enter text.</i>
Family Child Care for Toddlers (18 months)	\$980	100%	\$245	90%	\$758.33	\$801.67	\$866.67	<i>Click or tap here to enter text.</i>	<i>Click or tap here to enter text.</i>
Center Care for Preschoolers (4 years)	\$1040	100%	\$260	75%	\$931.67	\$975	\$1040	<i>Click or tap here to enter text.</i>	<i>Click or tap here to enter text.</i>
Family Child Care for Preschool	\$855	100%	\$213	75%	\$758.33	\$780	\$855.83	<i>Click or tap here to enter text.</i>	<i>Click or tap here to enter text.</i>

Care Type	Base payment rate (specify unit, e.g., per day, per week, per month)	% of providers receiving Base rate	Full-Time Weekly Base Payment Rate	What is the percentile of the rate? (MRS)	What is the 50th percentile of the rate? (MRS)	What is the 60th percentile of the rate? (MRS)	What is the 75th percentile of the rate? (MRS)	What is the estimated cost of care? (Alternative Methodology)	What percent of the estimated cost of care is the rate?
ers (4 years)									
Center Care for School-Age (6 years)	\$823	100%	\$205	75%	\$624	\$715	\$823.33	<i>Click or tap here to enter text.</i>	<i>Click or tap here to enter text.</i>
Family Child Care for School-Age (6 years)	\$812	100%	\$203	75%	\$715	\$758.33	\$812.50	<i>Click or tap here to enter text.</i>	<i>Click or tap here to enter text.</i>

b. Does the Lead Agency certify that the percentiles reported in the table above are calculated based on their most recent MRS or ACF pre-approved Alternative Methodology?

Yes.

No. If no, what is the year of the MRS or ACF pre-approved alternative methodology that the Lead Agency used? What was the reason for not using the most recent MRS or ACF pre-approved alternative methodology? Describe: *Click or tap here to enter text.*

#### 4.3.3 Tiered rates, differential rates, and add-ons

Lead Agencies may establish tiered rates, differential rates, or add-ons on top of their base rates as a way to increase payment rates for targeted needs (e.g., a higher rate for serving children with special needs).

a. Does the Lead Agency provide any rate add-ons above the base rate?

Yes. If yes, describe the add-ons, including what they are, who is eligible to receive the add-ons, and how often are they paid: *A child who meets the Lead Agency's definition of disability and who is attending a quality rating and improvement system (QRIS) participating provider with a Step 2 Quality Rating or higher will be eligible to receive an additional 10% of the state max rate for each payment.*

*Through the ND Child Care Initiative, providers with a current Step 2 Quality Rating or higher are eligible to receive a Tiered Quality payment monthly. These payments are separate from the service month payments issued for a child's child care costs, and are not intended to be used for a child's billed amount. An additional 5%, 10% or 15% of the state max rate will be issued per CCAP child based on the Quality Rating.*

*Through the ND Child Care Initiative, North Dakota Licensed, tribally licensed or military licensed providers who are caring for CCAP infants and toddlers are eligible to receive an additional payment of 30% of the state max rate per CCAP infant and toddler monthly.*

*These payments are separate from the service month payments issued for a child's child care costs, and are not intended to be used for a child's billed amount.*

No.

b. Has the Lead Agency chosen to implement tiered reimbursement or differential rates?

Yes.

No. Tiered or differential rates are not implemented.

If yes, identify below any tiered or differential rates, and, at a minimum, indicate the process and basis used for determining the tiered rates, including if the rates were based on the MRS or an ACF pre-approved alternative methodology. Check and describe all that apply:

- i.  Differential rate for non-traditional hours. Describe: [Click or tap here to enter text.](#)
- ii.  Differential rate for children with special needs, as defined by the Lead Agency. Describe [Click or tap here to enter text.](#)
- iii.  Differential rate for infants and toddlers. Note: Do not check if the Lead Agency has a different base rate for infants/toddlers with no separate bonus or add-on. Describe: [Click or tap here to enter text.](#)
- iv.  Differential rate for school-age programs. Note: Do not check if the Lead Agency has a different base rate for school-age children with no separate bonus or add-on. Describe: [Click or tap here to enter text.](#)
- v.  Differential rate for higher quality, as defined by the Lead Agency. Describe: [Click or tap here to enter text.](#)
- vi.  Other differential rates or tiered rates. For example, differential rates for geographic area or for type of provider. Describe: [Click or tap here to enter text.](#)
- vii. If applicable, describe any additional add-on rates that you have besides those identified above. [Click or tap here to enter text.](#)

c. Does the Lead Agency reduce provider payments if the price the provider charges to private-pay families not participating in CCDF is below the Lead Agency's established payment rate?

Yes. If yes, describe: [Click or tap here to enter text.](#)

No.

#### 4.3.4 Establishing payment rates

Describe how the Lead Agency established payment rates:

- a. What was the Lead Agency’s methodology or process for setting the rates or how did the Lead Agency use their data to set rates? *The Lead Agency uses various methods to determine the rates for its Child Care Assistance Program. Firstly, the agency works with a vendor to conduct a market rate survey and narrow cost analysis that collects demographic and independent variables, such as cost per license type and child age. Once the 75th percentile of the survey is determined, it is compared to the current rates. The agency focuses on creating equitable adjustments to its child care assistance rates through the market rate survey, narrow cost analysis, and collaboration with stakeholders like providers, The Early Childhood Council, Tribal Partners, and Legislative Representatives. Once initial rates are determined, the Lead Agency reviews the rate changes to ensure the changes are equitable to all license-type providers.*
- b. How did the Lead Agency determine that the rates are adequate to meet health, safety, quality, and staffing requirements under CCDF? *The market rate survey and narrow cost analysis reviewed responses from a population of licensed providers. Licensed childcare providers are required to maintain health safety quality and staffing guidelines to retain their licenses. By choosing this population for the market rate survey and narrow cost analysis and using this information to determine rates, the Lead Agency can determine that these rates support the requirements needed to provide childcare that maintains CCDF requirements.*
- c. How did the Lead Agency use the cost of care, either from the narrow cost analysis or the ACF pre-approved alternative methodology to inform rate setting, including how using the cost of care promotes the stabilization of child care providers? *The narrow cost analysis provided insight into child care providers' revenues and expenditures per child and by license type in North Dakota. It was evident that providers in the family group license type are seeing a significant decrease in revenue based on the cost of providing care per child, while center-type licenses did see a slight profit through their enrollment revenue and expenditures per child. This information assisted the Lead Agency in determining which groups might need a higher state max rate to support access and availability of childcare.*
- d. How did the Lead Agency account for the cost of higher quality while setting payment rates? *After reviewing the narrow cost analysis, the Lead Agency determined that Bright and Early providers saw a significant decrease in revenue, compared to their non-quality-rated counterparts. In order to support quality care, it was determined that the Lead Agency would keep base rates equivalent across provider types, however, the Lead Agency implemented a provider bonus payment through the ND Childcare Initiative, which provides a relative increase in payment based on quality rating to support the accessibility and availability of quality childcare in North Dakota and ensure child care providers are supported in their efforts to provide quality-rates care.*
- e. Identify and describe any additional facts (not covered in responses to 4.3.1 – 4.3.3) that the Lead Agency considered in determining its payment rates to ensure equal access. *Click or tap here to enter text.*

#### 4.4 Payment Practices to Providers

Lead Agencies must use subsidy payment practices that reflect practices that are generally accepted in the private pay child care market. The Lead Agency must ensure timeliness of

payment to child care providers by paying in advance or at the beginning of delivery of child care services. Lead Agencies must also support the fixed cost of child care services based on paying by the child's authorized enrollment, or if impracticable, an alternative approach that will not undermine the stability of child care programs as justified and approved through this Plan.

Lead Agencies must also (1) pay providers based on established part-time or full-time rates rather than paying for hours of service or smaller increments of time, and (2) pay for reasonable, mandatory registration fees that the provider charges to private-paying parents. These policies apply to all provider types unless the Lead Agency can demonstrate that in limited circumstances the policies would not be considered generally-accepted payment practices.

In addition, Lead Agencies must ensure that child care providers receive payment for any services in accordance with a payment agreement or an authorization for services, ensure that child care providers receive prompt notice of changes to a family's eligibility status that could impact payment, and have timely appeal and resolution processes for any payment inaccuracies and disputes.

#### 4.4.1 Prospective and enrollment-based payment practices

Lead Agencies must use payment practices for all CCDF child care providers that reflect generally-accepted payment practices of providers serving private-pay families, including paying providers in advance or at the beginning of the delivery of child care services and paying based on a child's authorized enrollment or an alternative approach for which the Lead Agency must demonstrate paying for a child's authorized enrollment is not practicable and it will not undermine the stability of child care programs. Lead Agencies may only use alternate approaches for subsets of provider types if they can demonstrate that prospective payments and authorized enrollment-based payment are not generally-accepted for a type of child care setting. Describe the Lead Agency payment practices for all CCDF child care providers:

- a. Does the Lead Agency pay all provider types prospectively (i.e., in advance of or at the beginning of the delivery of child care services)?

Yes. If yes, describe: *The Lead Agency allows child care providers to certify for payment beginning on the 20th of the prior month. All payments certified prior to the 2nd to last working day of the month are processed that night to allow for payments to be received by child care providers on the first of the month.*

No, it is not a generally-accepted payment practice for each provider type. If no, describe the provider type not paid prospectively and the data demonstrating it is not a generally-accepted payment practice for that provider type, and describe the Lead Agency's payment practice that ensures timely payment for that provider type: *Click or tap here to enter text.*

- b. Does the Lead Agency pay based on authorized enrollment for all provider types?

Yes. The Lead Agency pays all providers by authorized enrollment and payment is not altered based on a child's attendance or the number of absences a child has.

No, it is not a generally-accepted practice for each provider type. If no, describe the provider types not paid by authorized enrollment, including the data showing it is not a generally-accepted payment practice for that provider type, and describe how the payment policy accounts for fixed costs: *Click or tap here to enter text.*

No, it is impracticable. Describe provider type(s) for which it is impracticable, why it is impracticable, and the alternative approach the Lead Agency uses to delink provider payments from occasional absences, including evidence that the alternative approach will not undermine the stability of child care programs, and thereby accounts for fixed costs: [Click or tap here to enter text.](#)

#### 4.4.2 Other payment practices

Lead Agencies must (1) pay providers based on established part-time or full-time rates rather than paying for hours of service or smaller increments of time, and (2) pay for reasonable, mandatory registration fees that the provider charges to private-paying parents, unless the Lead Agency provides evidence that such practices are not generally-accepted for providers caring for children not participating in CCDF in its State or Territory.

a. Does the Lead Agency pay all providers on a part-time or full-time basis (rather than paying for hours of service or smaller increments of time)?

Yes.

No. If no, describe the policies or procedures that are different than paying on a part-time or full-time basis and the Lead Agency's rationale for not paying on a part-time or full-time basis: [Click or tap here to enter text.](#)

b. Does the Lead Agency pay for reasonable mandatory registration fees that the provider charges to private-paying parents?

Yes. If yes, identify the fees the Lead Agency pays for: [The Lead Agency pays for registration fees, which may also be referred to as an annual enrollment fee or a deposit.](#)

No. If no, identify the data and how data were collected to show that paying for fees is not a generally-accepted payment practice: [Click or tap here to enter text.](#)

c. Describe how the Lead Agency ensures that providers are paid in accordance with a written payment agreement or an authorization for services that includes, at a minimum, information regarding provider payment policies, including rates, schedules, any fees charged to providers, and the dispute-resolution process: [The Lead Agency sends a certificate to providers which informs them of the maximum amount and the level of care that can be paid by the Lead Agency per child that has been associated to that provider. The provider is informed of the family's co-payment amount and provided a brief overview of how payments are determined. As part of this notice, providers are given an information page on their right to appeal.](#)

d. Describe how the Lead Agency provides prompt notice to providers regarding any changes to the family's eligibility status that could impact payments, and such a notice is sent no later than the day that the Lead Agency becomes aware that such a change will occur: [Child Care providers are sent a 'Closing Notice for Provider'. This notice is sent to all providers associated to a case when the case is set to close. The notice informs the provider that any services provided after a certain date, typically the first day of the month after a case closed, will not be paid by CCAP. Child Care providers are also notified of changes to payment rates and co-payments through an updated certificate as changes are made.](#)

- e. Describe the Lead Agency's timely appeal and resolution process for payment inaccuracies and disputes: *Both clients and providers are given a 30-day period from the date of notice to submit an appeal request for any adverse action. Both clients and providers are supplied this information on the various notices they receive.*
- f. Other. Describe any other payment practices established by the Lead Agency: *Click or tap here to enter text.*

#### 4.4.3 Payment practices and parent choice

How do the Lead Agency's payment practices facilitate provider participation in all categories of care? *The Lead Agency has implemented a prospective payment policy that allows providers to receive payment on the first of the month in which care is to be provided, which matches the payment practices used by child care providers for private paying families. However, if a provider chooses to certify for payment after the month is over, they have this option as well. The Lead Agency has implemented a simplified payment request process to reduce time and administrative burden on providers and families.*

### 4.5 Supply Building

Building a supply of high-quality child care that meets the needs and preferences of parents participating in CCDF is necessary to meet CCDF's core purposes. Lead Agencies must support parent choice by providing some portion of direct services via grants or contracts, including at a minimum for children in underserved geographic areas, infants and toddlers, and children with disabilities.

#### 4.5.1 Child care services available through grants or contracts

Does the Lead Agency provide direct child care services through grants or contracts for child care slots?

- Yes, statewide. Describe how the Lead Agency ensures that parents who enroll with a provider who has a grant or contract have choices when selecting a provider: *Click or tap here to enter text.*
- Yes, in some jurisdictions, but not statewide. Describe how many jurisdictions use grants or contracts for child care slots and how the Lead Agency ensures that parents who enroll with a provider who has a grant or contract have choices when selecting a provider: *Click or tap here to enter text.*
- No. If no, describe any Lead Agency plans to provide direct child care services through grants and contracts for child care slots: *Click or tap here to enter text.*

If no, skip to question 4.5.2.

- i. If yes, identify the populations of children served through grants or contracts for child care slots (check all that apply). For each population selected, identify the number of slots allocated through grants or contracts for direct service of children receiving CCDF.
  - Children with disabilities. Number of slots allocated through grants or contracts: *Click or tap here to enter text.*



- Infants and toddlers. Number of slots allocated through grants or contracts: [Click or tap here to enter text.](#)
- Children in underserved geographic areas. Number of slots allocated through grants or contracts: [Click or tap here to enter text.](#)
- Children needing non-traditional hour care. Number of slots allocated through grants or contracts: [Click or tap here to enter text.](#)
- School-age children. Number of slots allocated through grants or contracts: [Click or tap here to enter text.](#)
- Children experiencing homelessness. Number of slots allocated through grants or contracts: [Click or tap here to enter text.](#)
- Children in urban areas. Percent of CCDF children served in an average month: [Click or tap here to enter text.](#)
- Children in rural areas. Percent of CCDF children served in an average month: [Click or tap here to enter text.](#)
- Other populations. If checked, describe: [Click or tap here to enter text.](#)

- ii. If yes, how are rates for slots funded by grants and contracts determined by the Lead Agency? [Click or tap here to enter text.](#)

#### 4.5.2 Care in the child's home (in-home care)

The Lead Agency must allow for in-home care (i.e., care provided in the child's own home) but may limit its use.

Will the Lead Agency limit the use of in-home care in any way?

- Yes.
- No.

*If yes, what limits will the Lead Agency set on the use of in-home care? Check all that apply.*

- i.  Restricted based on the minimum number of children in the care of the in-home provider to meet the Fair Labor Standards Act (minimum wage) requirements. Describe: [Click or tap here to enter text.](#)
- ii.  Restricted based on the in-home provider meeting a minimum age requirement. Describe: [Click or tap here to enter text.](#)
- iii.  Restricted based on the hours of care (i.e., certain number of hours, non-traditional work hours). Describe: [Click or tap here to enter text.](#)
- iv.  Restricted to care by relatives. (A relative provider must be at least 18 years of age based on the definition of eligible child care provider.) Describe: [Click or tap here to enter text.](#)

- v.  Restricted to care for children with special needs or a medical condition. Describe: *In-home child care is allowed when a child's health would be at risk if taken to an outside provider or that a child's medical condition creates an undue hardship by taking the child to an outside provider.*
- vi.  Restricted to in-home providers that meet additional health and safety requirements beyond those required by CCDF. Describe: *Click or tap here to enter text.*
- vii.  Other. Describe: *Click or tap here to enter text.*

#### 4.5.3 Shortages in the supply of child care

Lead Agencies must identify shortages in the supply of child care providers that meet parents' needs and preferences.

What child care shortages has the Lead Agency identified in the State or Territory, and what is the plan to address the child care shortages?

- a. In infant and toddler programs:
  - i. Data sources used to identify shortages: *The Lead Agency does not license by age; however, uses the Bi-Partisan Policy Center's child care desert definition to identify underserved and potentially constrained counties across the state of North Dakota.*
  - ii. Method of tracking progress: *The Lead Agency reviews licensed child care capacity on a quarterly basis.*
  - iii. What is the plan to address the child care shortages using family child care homes? *The Lead Agency through the ND Child Care Initiative has made Grow Child Care grants available to start or expand child care capacity in counties identified as underserved. The ND Child Care Initiative is also making it possible for providers participating in the Child Care Assistance Program (CCAP) to receive an additional payment per CCAP infant and toddler. These funds are equal to 30% of the state max rate for each infant and/or toddler, separate from the CCAP payment and are not applied to a family's bill.*
  - iv. What is the plan to address the child care shortages using child care centers? *The Lead Agency through the ND Child Care Initiative has made Grow Child Care grants available to any program increasing infant and/or toddler space by adding eight infants or 10 toddlers to a space dedicated to that age. The ND Child Care Initiative is also making it possible for providers participating in the Child Care Assistance Program (CCAP) to receive an additional payment per CCAP infant and toddler. These funds are equal to 30% of the state max rate for each infant and/or toddler, separate from the CCAP payment and are not applied to a family's bill.*
- b. In different regions of the State or Territory:
  - i. Data sources used to identify shortages: *The Lead Agency uses child care licensing data and county profile reports from the referral data system to look at child care capacity across the state.*

- ii. Method of tracking progress: *The Lead Agency reviews licensed child care capacity on a quarterly basis.*
  - iii. What is the plan to address the child care shortages using family child care homes? *The Lead Agency through the ND Child Care Initiative has made Grow Child Care grants available to start or expand child care capacity in counties identified as underserved.*
  - iv. What is the plan to address the child care shortages using child care centers? *The Lead Agency through the ND Child Care Initiative has made Grow Child Care grants available to any program increasing infant and/or toddler space by adding eight infants or 10 toddlers to a space dedicated to that age. These grants are also available for starting new child care in underserved counties.*
- c. In care for special populations:
- i. Data sources used to identify shortages: *The Lead Agency uses the number of children supported by IDEA Part C Early Intervention and IDEA Part B 619 to understand the number of children birth to five that may require specialized care. The Lead Agency also has anecdotal data from families and advocates about the challenges families face when seeking child care for children with special needs.*
  - ii. Method of tracking progress: *The Lead Agency's contracted vendor for Inclusive Child Care Support provides data to illustrate the resources and support made available to providers caring for children with special needs.*
  - iii. What is the plan to address the child care shortages using family child care homes? *The Lead Agency with state general funding contracts an Inclusive Child Care Support vendor to offer resources and support to providers in caring for children with special needs. Through the ND Child Care Initiative, the Lead Agency also has grants designed to help licensed programs create and maintain an inclusive environment that supports children with disabilities or developmental delays to learn, grow, play and develop alongside their peers in an inclusive setting. Providers can apply for inclusive care support, environmental modifications and specialized equipment and materials.*
  - iv. What is the plan to address the child care shortages using child care centers? *The Lead Agency with state general funding contracts an Inclusive Child Care Support vendor to offer resources and support to providers in caring for children with special needs. Through the ND Child Care Initiative, the Lead Agency also has grants designed to help licensed programs create and maintain an inclusive environment that supports children with disabilities or developmental delays to learn, grow, play and develop alongside their peers in an inclusive setting. Providers can apply for inclusive care support, environmental modifications and specialized equipment and materials.*

#### 4.5.4 Strategies to increase the supply of and improve quality of child care

Lead Agencies must develop and implement strategies to increase the supply of and improve the quality of child care services. These strategies must address child care in underserved geographic areas; infants and toddlers; children with disabilities, as defined by the Lead Agency; and children who receive care during non-traditional hours.

How does the Lead Agency identify any gaps in the supply and quality of child care services and what strategies are used to address those gaps for:

- a. Underserved geographic areas. Describe: *The Lead Agency uses the Bi-Partisan Policy Center's child care desert definition to identify underserved and potentially constrained counties across the state of North Dakota. The Lead Agency through the ND Child Care Initiative has made Grow Child Care grants available to start or expand child care capacity in counties identified as underserved.*
- b. Infants and toddlers. Describe: *The Lead Agency does not license by age; however, uses the Bi-Partisan Policy Center's child care desert definition to identify underserved and potentially constrained counties across the state of North Dakota. The Lead Agency through the ND Child Care Initiative has made Grow Child Care grants available to any program increasing infant and/or toddler space by adding eight infants or 10 toddlers to a space dedicated to that age.*
- c. Children with disabilities. Describe: *The Lead Agency uses the number of children supported by IDEA Part C Early Intervention and IDEA Part B 619 to understand the number of children birth to five that may require specialized care. The Lead Agency also has anecdotal data from families and advocates about the challenges families face when seeking child care for children with special needs. The Lead Agency through the ND Child Care Initiative has grants designed to help licensed programs create and maintain an inclusive environment that supports children with disabilities or developmental delays to learn, grow, play and develop alongside their peers in an inclusive setting. Providers can apply for inclusive care support, environmental modifications and specialized equipment and materials.*
- d. Children who receive care during non-traditional hours. Describe: *The Lead Agency has limited data in the child care referral data base on programs that care for children beyond the traditional child care hours of 7:30 a.m. - 5:30 p.m. The Lead Agency through the ND Child Care Initiative has launched a non-traditional hour child care pilot to learn what it takes for local communities to develop solutions for making non-traditional hour care available.*

- e. Other. Specify what population is being focused on to increase supply or improve quality. Describe: *The population focus includes all children enrolled with CCDF eligible providers. The Lead Agency through the ND Child Care Initiative supplied infrastructure funding to the quality rating and improvement system (QRIS) contractor for outreach, assessment, and technical assistance. This funding allowed the contractor to hire additional staff and eliminate the waiting period to participate in the QRIS. The initiative also provides Child Care Assistance Program (CCAP) Tiered Quality Based Bonuses to providers that participate in the QRIS and have a Step 2, Step 3, or Step 4 Quality Rating. Programs are also eligible for quality improvement grants on an annual basis, measured by the program's ability to attain and maintain a Step 2, Step 3, or Step 4 Quality Rating. The Initiative also rewards completion of above and beyond training and makes a shared-services alliance available to providers at little to no cost which includes business training, child care management systems, and curriculum.*

#### 4.5.5 Prioritization of investments in areas of concentrated poverty and unemployment

Lead Agencies must prioritize investments for increasing access to high-quality child care and development services for children of families in areas that have significant concentrations of poverty and unemployment and do not currently have sufficient numbers of such programs.

Describe how the Lead Agency prioritizes increasing access to high-quality child care and development services for children of families in areas that have significant concentrations of poverty and unemployment and that do not have access to high-quality programs. *The Lead Agency through the ND Child Care Initiative expanded resources available to the Child Care Assistance Program (CCAP) increasing rates for families with children ages zero to three when they face the greatest economic pressure and make critical decisions about how and if they rejoin the workforce. The Initiative also eliminates a copay for families at or under 30% SMI. In addition, to reduce burden during application, families who are already receiving LIHEAP, TANF or SNAP have fewer questions on the CCAP application and are not required to verify their income.*