

Cost estimates for increased investments in CC Financial Assistance Program (CC FAP) SFY2015
The critical policy levers related to increased investments in CC subsidies are:

Rates of reimbursement or **rates** – *how much the state pays for services;*

Eligibility criteria – *who can get help;* and

Benefit levels or **benefits** – *how much help eligible families get.*

State decisions on these three policy levers interact to impact:

Affordability – *how much families contribute toward child care costs – for subsidized families this is often referred to as co-pays*

Access – *child care supply or how many programs and program spaces are available to meet family demand for child care in any given area and how many of those accept subsidized families and children;* and

Quality - *whether or not providers and programs have sufficient resources to incorporate and sustain the critical elements of high quality programs that are developmentally beneficial for children and contribute to building protective factors in families*

Increase rates of reimbursement only. This will increase access to all providers for subsidized families, decrease co-payments for all subsidized families, maintain and magnify incentive for subsidized families to attend higher quality providers, increase incentives for providers to accept subsidized families and improve quality.			
Estimate	Increase rates to 2010 MRS results using current rate structure	Increase rates to 2012 MRS results using current rate structure	Current rate structure sets the 4 STAR rate at the 75 th percentile of the relevant MRS. That is what 75 % of providers report as equal to or less than the rate they charge for services.
Annual cost determined by applying increased rates across current beneficiaries. 3% increase in November 2013 factored in. No assumption of new children. Usual SFY2015 “up” for STARS and FPL is not factored in.	\$3,705,840	\$9,667,415	Current base rate, after 3% increase in November 2013, rate is at 15 th percentile of 2012 MRS, 26 th percentile of 2010 MRS. Current 4 STAR rate, after 3% increase, is at 48 th percentile of 2012 MRS, 63 rd percentile of 2010 MRS.