

**State/Territory Plan
2022 - 2024**

4.3 Establish Adequate Payment Rates

4.3.3 Lead Agencies can choose to establish tiered rates, differential rates, or add-ons on top of their base rates as a way to increase payment rates for targeted needs (i.e., a higher rate for special needs children as both an incentive for providers to serve children with special needs and as a way to cover the higher costs to the provider to provide care for special needs children). Lead Agencies may pay providers more than their private pay rates as an incentive or to cover costs for higher quality care (81 FR, p. 67514).

State/Territory	4.3.3 Yes - f: Differential rate for higher quality, as defined by the state/territory. Describe:
Alabama	Tiered reimbursement rates are based on Alabama Quality STAR QRIS level. Tiered reimbursement rates increase at each STAR level. Higher quality rates are set at 2% above the base rate, beginning at Quality STAR level one and progresses to 10% above the base rate at Quality STAR QRIS level five. Each star rating results in a 2% increase at each increment.
Alaska	
American Samoa	
Arizona	Tiered reimbursement for recognized quality levels: Rates are increased by 5% for providers with a three-star rating by FTF's Quality First program, by 10% for providers with a CDA (family child care providers) or a four-star rating by FTF's Quality First program, and 20% for providers who are nationally accredited or have a five-star rating by FTF's Quality First program. These incentives help to ensure that families have access to safe, educational care with qualified staff.
Arkansas	DCCECE uses tiered reimbursement rates for child care subsidies. These rates are set by urban and rural geographic location and do not differ for center-based and family child care programs. Reimbursement rates are higher as the quality levels increase. The MRS was used to set all of Arkansas's tiered reimbursement rates.
California	

Colorado	<p>The Colorado Department of Human Services sets tiered rates to programs participating in the Colorado Shines Quality Rating and Improvement System based on the quality level achieved by the programs. Currently, rates are tiered by quality such that providers with the highest ratings within the Colorado Shines Quality Rating and Improvement System receive higher reimbursement rates (greater than or equal to the 75th percentile for Levels 4 and 5; greater than or equal to the 50th percentile for Level 3) based on the appropriate market rate (rate by county/provider type/age). Providers who meet the basic quality standards in Licensing (Level 1 or Level 2) receive the base reimbursement rate (greater than or equal to the 25th percentile). These percentiles were informed through the use of the Provider Cost of Quality Calculator (PCQC) tool. The base rate is meant to address the cost of basic health and safety while the higher tiers are meant as an incentive for providers to increase and maintain higher quality care.</p>
Connecticut	<p>Connecticut's Child Care Subsidy Program, Care 4 Kids sets differential payments to incentivize higher quality of care. Providers with national accreditation, such as NAEYC/NAFCC, receive rates that are 5% above the Care 4 Kids payment rates, plus an ARPA funded 20% Quality Bonus to center-based providers holding national accreditation. A 7% rate differential is paid to accredited family child care providers. . In addition, from COVID Recovery ARPA funding, Accredited Center-based Care 4 Kids providers will receive a 20% Quality Bonus effective for payments made on or after June 1, 2021.</p>
Delaware	<p>In 2007, Delaware piloted its Quality Rating and Improvement program known as Delaware Stars. The program seeks to enhance the quality of care provided by early learning centers and assigns a 1 to 5-star rating based on the level of quality achieved, with star level 5 being the highest quality level. In 2011, Delaware began paying tiered reimbursement bonus payments to Star 3, 4, and 5 programs. The Tiered Reimbursement bonus payments are based on the number of days of attendance per child eligible for the state's child care subsidy program. Tiered Reimbursement payments reflect the level of quality achieved or sustained by a program during the attendance month.</p>
District of Columbia	<p>The Lead Agency has established a tiered reimbursement schedule that sets daily subsidy reimbursement rates for each age group (e.g. infant-toddler, preschool, school-age) and service type (e.g. full-time, part-time, extended day, nontraditional) at each quality designation (e.g. developing, progressing, quality, high-quality, preliminary) for both centers and homes. Reimbursement rates for facilities that receive higher quality designations are higher than those for lower designations. Reimbursement rates at all quality levels are informed by the D.C. Cost Estimation model analysis of cost to deliver care at differing levels of quality.</p>

Florida	<p>In 1996, the Florida Legislature established the Gold Seal Quality Care program to acknowledge child care facilities and family day care homes that are accredited by nationally-recognized agencies based on the applicable accrediting standards of the National Association for the Education of Young Children (NAEYC), the National Association of Family Child Care and the National Early Childhood Program Accreditation Commission. Head Start, Early Head Start and Migrant and Seasonal Head Start programs that receive subsidy rates and are accredited are also eligible for the Gold Seal program. In addition, the Florida Legislature has provided in its General Appropriations Act that ELCs may negotiate the payment of a rate differential or stipend, which may not exceed more than 20 percent of an ELC's reimbursement rate, to SR providers who have achieved a Florida Gold Seal Quality Care designation through accreditation. In 2018, the Florida Legislature made it mandatory for providers to have an annual program assessment. OEL is currently utilizing CLASS. Each provider who has a minimum of subsidized slots receives CLASS observations of 50% of each care level of classrooms at their site. These classroom observation scores are averaged and used to determine whether a provider is eligible for a differential on top of their base reimbursement rate or whether they need to be on a Quality Improvement Plan. Providers who score below the contract minimum are not able to contract for SR unless they score at the contract minimum on a subsequent assessment. These providers may choose to pay for a second assessment. Providers deemed essential in meeting the needs of a geographic area may have their program assessment score waived in order to contract and provided they participate in a Quality Improvement Plan. CLASS composite score ranges: 4.00 – 4.99 = 4% differential, 5.00 – 5.99 = 7% differential and 6.00 – 7.0 = 10% plus providers implementing child assessment receive another 5%. Over 75% of providers participating in CLASS are eligible to receive a differential.</p>
Georgia	<p>Georgia has a three-tier quality rating and improvement system (QRIS) called Quality Rated that awards eligible child care programs a 1-, 2-, or 3-star designation based on their assessment for quality measures. Child care subsidy providers that have a QRIS star rating are eligible for a tiered reimbursement bonus in addition to the base rates of care. Currently 27 percent are 1-star providers and receive a 10 percent bonus; 34 percent are 2-star providers and receive a 20 percent bonus; and 10 percent are 3-star providers and receive a 40 percent bonus.</p>
Guam	<p>The Lead Agency intends to provide higher payment/reimbursement rates for childcare providers who provide bilingual services to dual-language learners.</p>
Hawaii	
Idaho	
Illinois	<p>Illinois Quality Rating and Improvement System, ExceleRate Illinois, is accessible for licensed child care centers and licensed family/group child care homes. Licensed programs that have a Silver (10%) or Gold (15%) Circle of Quality receive an add-on for each CCAP child in care; license-exempt family child care providers completing Training Tiers receive an add-on for each CCAP child in care. The percentage ranges from 10%-20% depending on the tiers completed. These differential rates were established when the ExceleRate Illinois system was established.</p>

Indiana	The percentiles for licensed providers enrolled in the Paths to QUALITY program increases as Level increases, though more so for Centers than Homes. Centers at Levels 3 and 4 are at the 88th and 84th percentiles respectively, while homes that attained these same ratings are at the 72nd and 65th. Similar to the licensed providers, the percentiles for Ministries enrolled in the Paths to QUALITY program dramatically increases as the Level increase. Those at the highest Levels (3 and 4) are at the 89th and 93rd percentiles respectively.
Iowa	The Lead Agency has a tiered rates based on the providers QRS Level. Providers with a current Level 1 or 2 in the Iowa QRS have a higher ceiling rate than providers with no QRS rating. Providers with a current level 3 or 4 in the Iowa QRS have a higher ceiling rate than providers with a Level 1 or 2. Providers with a level 5 in the Iowa QRS have the highest ceiling rate. These rates set at increasingly higher percentiles of the MRS to encourage participant in the Quality Rating System.
Kansas	Through individual grants for the Kansas Early Head Start Child Care Partnerships (KEHS CCP). KEHS grantees pay a quality payment to participating child care providers, on top of the base subsidy payment that is issued to and paid by the parents. Amounts vary based on the individual grantees' agreements with their participating providers.
Kentucky	<p>Through the Kentucky All STARS tiered quality rating and improvement system, providers serving CCAP children while operating at high quality (Levels 3-5) receive a subsidy enrollment award. The subsidy enrollment award awards pay higher awards for providers serving infants and toddlers.</p> <p>Citation: Kentucky All STARS quality-based graduated early childhood rating system</p>
Louisiana	<p>The CCDF Lead Agency offers quarterly CCAP bonus payments to child care centers based on their quality rating from their Performance Profile as a way to incentivize increased quality. Bonus payments are calculated based on a percentage of CCAP payments from each quarter. Centers with a higher quality rating receive a bonus based on a greater percentage of their CCAP payments. Additionally, centers with higher quality ratings are able to qualify for increased School Readiness Tax Credits, both for family tax credits and for provider tax credits. The size of the credit is based on the center's star rating and the number of children being served who are in the Child Care Assistance Program (CCAP) or are foster children in the custody of the Department of Children and Family Services (DCFS). The credit is NOT dependent on whether the center owes income taxes, and is available for both for-profit and non-profit centers.</p> <p>Star Rating of the Center Tax Credit per Eligible Child</p> <p>5 Star \$1,500 4 Star \$1,250 3 Star \$1,000 2 Star \$750 1 Star \$0</p> <p>Example: If ABC child care has earned 3 stars and serves 10 eligible children, then that provider is eligible for a refundable Provider SRTC of up to 10 children x \$1,000 per child = \$10,000.</p>

Maine	
Maryland	<p>Maryland pays a Tiered Reimbursement above the base scholarship rate for higher quality of child care</p> <p>(1) Eligibility for tiered reimbursement payments is limited to a child care center or a family child care home that has a published Maryland EXCELS quality rating level of 3, 4, or 5.</p> <p>(2) An informal child care provider is not eligible for tiered reimbursement payments.</p> <p>(3) An eligible provider shall be paid a tiered reimbursement amount for each CCS Program child in care that is:</p> <p>(a) In addition to the child's scholarship payment; and</p> <p>(b) Reflective of the applicable percentage specified at §C(4) of this regulation.</p> <p>Tiered reimbursement is based off the April 2019 MRS.</p>
Massachusetts	<p>EEC has implemented a 3% rate increase for any programs serving infants and toddlers through the child care subsidy program that have achieved a Level 2 or above rating in QRIS. If a program is at QRIS level 2 or above, EEC's billing system, CCFA automatically pays the program the higher rate for any infant or toddler in their program</p>
Michigan	<p>Licensed providers with a star rating of 2, 3, 4, or 5, tribal, and military providers receive tiered rates and Level 2 license exempt-related and unrelated providers.</p>
Minnesota	<p>Minnesota Statutes, section 119B.13 subdivision 3a, establishes a provider accreditation and credential differential for a family child care provider or child care center which allows the provider to be paid a 15 percent differential above the standard hour maximum rate, up to the actual provider charge, if the provider or center holds a current early childhood development credential or is accredited. Minnesota Statutes, section 119B.13 subdivision 3b allows highly-rated providers participating in Minnesota's QRIS, Parent Aware, to be paid a differential above the maximum rate, up to the actual provider charge. Providers with a Three-Star Parent Aware Rating can be paid a 15 percent differential. Those with a Four-Star Rating can be paid a 20 percent differential. Minnesota Statutes section 119B.13 subdivision 3c allows payments to be made at the weekly rate for some children attending high quality child care. High-quality is defined as those providers that qualify for tiered reimbursement. Providers may be paid the maximum weekly rate, not to exceed the provider's charge, when a child is age birth to five years old, but not yet in kindergarten, and when the applicant's authorized hours are 30 or more.</p>
Mississippi	<p>The MRS collected data specific to the cost of care for the Standard designation. The Lead Agency set higher rates for child care centers who meet the requirements for the Comprehensive designation. The center must first meet the qualifications of a Standard child care center before engaging in additional activities for the Comprehensive designation, under which child care centers will demonstrate continuous quality improvement and continuity of care for children birth to age five. The rates for comprehensive center-based child care are based on 125 percent of the standard center-based child care market rates. To fully assess the market rate for comprehensive center-based child care, the plan is to conduct a pilot with volunteer providers to learn how such an approach can be implemented without significantly impacting provider operations (see http://www.mdhs.ms.gov/wp-content/uploads/2018/05/Market-Rate-Survey-FINAL-1.pdf).</p>

Missouri	The Lead Agency has a 20% rate differential for programs accredited by state recognized accrediting bodies. The rate differential is based on the MRS and is subject to appropriation.
Montana	
Nebraska	Rates are set at a higher level for child care providers and programs that are accredited and those that are rated a Step 3, 4, or 5 with Nebraska's Step Up to Quality program. Providers will receive a 5% increase to their base pay if they are accredited or rated a Step 3. Providers then receive an addition 5% increase for each additional step. The Lead Agency is notified at each rate assignment and/or increase and will automatically increases the rate.
Nevada	
New Hampshire	Quality Stipends are paid monthly to programs that are Licensed Plus or Accredited, NH's current Quality Ratings. Programs receive these monthly payments for the months they have children whose families qualify for the NH Child Care Scholarship. These payment are based on the previous months' monthly scholarship billings. Licensed Plus programs receive 5% of the previous month's billing and Accredited programs receive 10% of the previous month's billing.
New Jersey	Center based programs in Grow NJ Kids rated at 3, 4, or 5
New Mexico	The Lead Agency pays a differential rate to providers achieving higher Star levels by meeting FOCUS essential elements of quality.
New York	LDSSs can pay up to 15 percent above the market rate for accredited programs that are licensed and registered. In addition, at district option, enhanced rates are available for legally-exempt group programs that elect to comply with an additional set of standards related to health and or training. For each of these enhanced rate categories, a rate up to six percent above the existing market rates can be established.
North Carolina	County market rates for centers and family child care home providers increase as the star level increases (1-5).
North Dakota	
Northern Mariana Islands	
Ohio	Programs participating in Step Up To Quality (SUTQ) have a base rate that is 4% higher than the non-rated base rate. This SUTQ base rate is used as the base for calculating the SUTQ enhancements for each of the five-star rating level and are as follows: 1-star=5%; 2-star=18%; 3-star=21%; 4-star=29%; and 5-star=35%.
Oklahoma	Oklahoma pays higher subsidy rates for higher quality. Oklahoma uses a tiered reimbursement program designed to improve child care beyond the basic licensing criteria.
Oregon	License-exempt providers can receive an enhanced rate of pay by taking additional classes. Licensed providers can receive a higher payment for full time care after they have received a 3-, 4- or 5-star rating in the states Quality Rating and Improvement System.

Pennsylvania	Daily add-on rates are available for providers achieving a STAR 2, 3 or 4 designation.
Puerto Rico	N/A
Rhode Island	<p>The Lead Agency (DHS) implemented Tiered Reimbursement Rates for center-based providers serving infants/toddlers and preschoolers effective July 1, 2018 as outlined in Article 15 of the State of Rhode Island's approved budget. Rates for center-based providers are directly tied to their quality rating, as defined by the state's quality rating improvement system, BrightStars. The current rate structure is based on data from the 2018 Market Rate Survey.</p> <p>Family child care has tiered rates of reimbursement which are outlined in a step/star level system as reflected in the Collective Bargaining Agreement.</p> <p>In the spring of 2020, due to the onset of the COVID-19 pandemic, the lead agency began reimbursing all licensed providers at an enhanced rate to support their ability to adhere to COVID health and safety requirements and maintain their CCDF enrollments. This practice is still in effect currently due to the ongoing state of emergency. All providers are currently reimbursed at the 5-star level (based on RI's QRIS system) or for those that were already at that level, they are reimbursed at the 90th percentile.</p>
South Carolina	The LA differentiates payment rates based on the quality level the provider has achieved in ABC Quality, SC's QRIS. SC's payment rates are established to progressively compensate providers based on their performance in meeting increasing quality criteria that exceed regulatory requirements. A tiered reimbursement payment system was implemented decades ago to incentivize the opportunity for more children with child care subsidies to have access to higher quality care. Since 1992, SC's Lead Agency has used voluntary standards higher than state regulatory requirements in conjunction with financial incentives to recognize and promote quality, ranging from Level C (foundational level meeting basic health and safety regulations) to A+ (the highest level of quality criteria). These rates are determined based on the use of the most recent MRS.
South Dakota	NA
Tennessee	Providers earning a 1, 2, or 3 Star Rating may elect to participate in the Star Quality program. Providers in the Star Quality program that participate in the Child Care Certificate Program are eligible for bonus payments based upon the Star Rating earned.

Texas	<p>Texas Government Code §2308.315 (as described in Section B-703 of the Child Care Services Guide) requires that Boards reimburse Texas Rising Star–certified providers an increased rate above the rate reimbursed to non–Texas Rising Star providers. The percentage of the increase must be at least:</p> <ul style="list-style-type: none"> • 5 percent for a 2-Star provider; • 7 percent for a 3-Star provider; and • 9 percent for a 4-Star provider. <p>However, Boards reimburse at much higher rates than those minimums that are set forth in state statute. TWC requires that the minimum enhanced rate be set at or above the following:</p> <ul style="list-style-type: none"> • 4-Star provider at the 75th percentile of the most recent MRS • 3-Star provider at 90 percent of the Board’s 4-Star rate • 2-Star provider at 90 percent of the Board’s 3-Star rate <p>Additionally, TWC rules require that Boards reimburse providers participating in the Texas School Ready project at an increased rate for preschool-age children. The increased rate must be at least 5 percent greater than the Board's regular base rate.</p>
Utah	
Vermont	<p>The Division currently pays a tiered payment rate to regulated child care programs based on the State’s STARS program with 1 star programs receiving a 5% over the base rate, 2 star 10%, 3 star 20%, 4 star 30% and 5 star 40% increase over the base.</p> <p>The Division is actively working on changing the Child Care Financial Assistance Program and when the changes take place child care providers will be paid their rate up to a capped rate. The capped rate is based on the 2019 Market Rate Survey, with the one star rate at the 55th percentile, two star at the 60th percentile, three star at 70th percentile, four star at 80th percentile, and five star at 90th percentile.</p>
Virgin Islands	N/A
Virginia	<p>In October 2020, the Subsidy Program implemented a Tiered Reimbursement Pilot to provide a financial incentive to programs that participate in the Child Care Subsidy Program and Virginia Quality. The Virginia Tiered Reimbursement Program provides higher subsidy reimbursement to providers that offer high-quality child care services based on Virginia Quality standards. The tiered reimbursement process recognizes the higher cost of providing quality care, incentivizes providers to provide quality care, and also encourages more providers to participate in the child care subsidy program. A child care provider who participates in Virginia Quality and has achieved a 4 or 5 Virginia Quality Level as of June 30, 2020 received a 7% payment add-on for each child enrolled in those programs, birth-5 years.</p> <p>Virginia Quality does not currently have a process to evaluate school-age care, so they are not included in this pilot.</p>

Washington	Licensed providers must participate in the state's QRIS, Early Achievers, to receive child care subsidy. DCYF pays tiered reimbursement based on the provider's QRIS level rating (on a scale of 2 through 5), a percentage calculated on the base rate. For licensed centers, that additional rate is as follows: Level 2=2%, Level 3=8%, Level 4=15%, and Level 5=20%. For licensed family homes, the additional rate is as follows: Level 2=2%, level 3=12%, level 3+=15%, level 4=17%, and level 5=20%.
West Virginia	\$3 per day, per child for Tier II programs, \$6 per day, per child for Tier III/Accredited programs.
Wisconsin	Wisconsin's YoungStar quality rating system requires any provider who receives Wisconsin Shares authorizations to be rated, but all other providers are encouraged to participate.
Wyoming	