



November 22, 2011

To: Earl Gohl, Federal Co-Chair  
Thomas Hunter, ARC Executive Director  
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From: Hubert Sparks, Inspector General

Subject: Summary Report – ARC Grant NY 17093, Day Care Center, Schuyler  
County Child Care Coordinating Council (SCCCCC) OIG Report 12-02

We initiated a review of available information pertaining to the grant proposal based on concern raised about the impact of the proposed child care services on current child care providers, the impartiality of the referrals to be made by SCCCCC and the financial viability of the project.

The SCCCC was founded in 1988 to establish and promote a child care delivery system that provides families with secure, caring and nurturing child care alternatives. The SCCCC provides information and resources to parents, providers, employers and community leaders who seek to meet the child care needs in Schuyler County. SCCCCC is a not-for-profit organization.

Referrals, based on parent request, about child placement opportunities are one SCCCCC service and staff includes a referral counselor who can identify available options that best meet family needs. The New York State Child Care Resource and Referral Network identify standards for referral services including that a minimum of 3 referrals be made to ensure parental choice wherever possible, and licenses the coordinating councils. Referrals (listings of available child care providers) are based on parents' interest such as available hours, days and locations and are not placements by the referring agency.

The June 20, 2011 SCCCCC application and project proposal, including a request for a \$150,000 Appalachian Regional Commission (ARC) grant to establish a SCCCCC based child care center, was forwarded to ARC by the New York Department of State on August 4, 2011. The grant was approved on September 27, 2011, with disbursements conditioned on matching fund documentation being provided to ARC by the grantee.

Project proposal review and grant approval is a multi-step process. Proposals are generally initiated at the local level by interested entities, supported by the Local Development District,

approved by a representative of the Governor's Office, recommended by ARC Program staff and approved by the ARC Federal Co-Chair.

### Project Proposal

The project proposal highlighted the need for additional child care services in Schuyler County with emphasis on the number of eligible children in the county and the establishment of additional non-traditional services including before and after school care, infant care, unscheduled (drop in) care, weekend and evening care, care for mildly ill children, and general learning and skills development . The initial proposal stated that the grant was intended to help renovate a building to be used as a day care center but was revised to provide that the grant would be used for startup operations. Matching fund sources for the requested ARC grant were identified in the proposal and various future fund sources were identified to assure self-sufficiency after an 18 month ARC funding period. Sources of funding included parent fees, fund raising activities and non-ARC grants. The proposal identified the intended training of center employees. The Center capacity was noted as 85, with non-traditional services phased in over a period of time.

In addition to information in ARC records, including the detailed project proposal, supplementary information was obtained by ARC staff and OIG based on contacts with SCCCC, including members of the Board of Directors, New York Office of Children and Family Services, Southern Tier Central Planning and Development Board, the Tioga/Broome County Child Care Coordinating Council, County Administrator, author of a short 2008 report on County Child Care, and the National Association of Child Care Resources and Referral Agencies.

Additional information included statistical data about requests and referrals, county child care capacity and utilization, extent of non-traditional providers, requests for which providers were not available, the SCCCC referral process and SCCCC actions relative to grant proposal determinations and public communications.

The project proposal included excerpts from a 2008 human services needs assessment by the Southern Tier Central Regional Planning and Development Board. This assessment noted an increasing need for quality, affordable all-day care for children due to the growing number of two worker and single parent households. It stated that the available centers and family day care homes cannot meet the needs and the need for affordable infant and toddler care, back-up care and non-traditional hours care is particularly acute throughout the region. The report identified child care as a priority need in the Southern Tier Central Region that includes Schulyer County.

A 2008 two page report prepared by a former SCCCC Board member cited some statistics and contacts with respect to child care in Schulyer County. It noted the difficulty of maintaining a child care center at full capacity, a higher demand for infant and toddler care and county-wide after school care, and child care needs are based on choices that include location, size of center, inclusion of infants and toddlers and quality learning care. Overall the report was inconclusive about child care needs or other child care alternatives.

The SCCCC performed a child care survey in 2009 and the subsequent report included various factors used to support a child care center. The survey included responses from 80 families representing 162 children. The report notes that mothers in the workforce had increased substantially and that primary needs are for infant and school age care and care during non-traditional hours or weekends. Employers surveyed noted employees also need child care on weekdays and weekends and during evening and night hours.

The project proposal estimates the potential child care needs in Schulyer County and the current day care capacities for different age groups. It was noted that requests for before school and after school child care, non-traditional care, weekend care and drop-in care have risen in the past few years and currently there is limited capacity available for non-traditional care.

The following table presents information from the project proposal for FY's 2008, 2009, and 2010, and from additional information requested for FY 2011.

	2008	2009	2010	2011
Non-Traditional Hours/Schedules				
Drop-In	5	6	16	14
Temp/Emergency	4	9	13	20
Before School	4	14	18	23
After School	21	31	28	36
Rotating	12	10	12	36
Evening	12	10	9	35
Weekend	17	27	14	37
Overnight	2	0	2	0
Medication - Special Needs Care				15
Snow Days				12

Persons contacted noted that the issue of additional child care capacity and services in the

county was long standing. The capacity for non-traditional care was particularly limited and efforts to involve additional organizations in providing child care, including non-traditional care that was noted as particular needs were unsuccessful. Actions, including media advertisements and contacts with other organizations, in response to a recommendation in the SCCCCC report on child care about recruitment and retention of quality care programs were noted as unsuccessful. During an early 2011 meeting at the Schulyer County Partnership for Economic Development (SCOPED) about this issue a local developer expressed interest in renovating a building and using part of it as a child care center. SCCCCC followed up on this and a project proposal was prepared.

Supplemental information included a listing of 36 active providers, including 2 centers that provided traditional care and 5 family based providers with a total maximum capacity for 48 children that offered non-traditional care (hours and days). SCCCCC does not keep waiting lists for children needing care but reported that its data base noted 18 requests, involving 26 children, where referrals were not made because no slots were available to meet their needs. At the time of our review 26 of 290 available families based child care slots were reported as available with the open slots primarily located in the outlying areas of the county. The 2009 SCCCCC child care report also noted that 70% of respondents desired the availability of drop-in care. The roster of current providers reflected that only Head Start and 4 home based providers are currently approved to administer medications for mildly ill children cases. Six additional family based applications to provide child care that did not offer non-traditional services were in process. SCCCCC noted that due to the normal attrition of providers there was an ongoing need for new child care providers. State and SCCCCC officials said that the majority of child placements are for family and family group homes rather than SCCCCC type Centers.

Information was also received that of 134 calls in 2010, 9 were requests for evening care and 14 were requests for weekend care hours. SCCCCC attributed this, in part, to the limited numbers of providers offering extended hours of care. Their assessment based on information and discussions within the community was that the interest in extended hours and days was substantially higher. It was reported that discussion with local officials, organizations and employers had elicited strong support for the project proposal and our contacts with various officials confirmed this support.

Although the Child Care Center was planned to have a capacity of 85, the occupancy or attendance goal was utilization at 70% of capacity. It was further noted that monthly SCCCCC budgets would include information with respect to utilization, including anticipated income and expenses.

A CCR&R Network practices certification renewal (10/9 – 10/11) that acknowledged SCCCCC

demonstrated competence in the field of child care resources and referrals in New York State issued by the Early Care and Learning Council was provided. Also a June 2011, Certificate of Completion designating a SCCCC staff person as a fully certified trainer by the Program for Infant and Toddler care was provided.

Active child care providers were invited to a meeting on May 26, 2011, where the proposed child care center was discussed and a public hearing was advertised and held on July 28, 2011. A planning committee has been established to assist with project implementation and operation.

The project proposal was subsequently approved by the SCCCC Board of Directors, that included the President of Schuyler County Chamber of Commerce, and representatives from Schuyler County Partnership for Economic Development, Schuyler Hospital, County Department of Social Services, Catholic Charities, Head Start, Corning Community College, County Youth/Families First, and County Economic Opportunity Program. The project was supported by the Southern Tier Central Regional Planning and Development Board and local organizations, and approved by the New York State Governors' ARC Representative prior to submission to ARC for final action. Our contacts with officials confirmed their support for the proposed SCCCC Child Care Center.

With respect to the impact of an SCCCC Center on other providers, SCCCC officials believed that the impact would be limited for several reasons. These included the number of eligible children; the extent of documented and undocumented expressions of interest in alternative non-traditional (hours and schedules) services for which there is currently limited providers; continued parent favoring of family based providers; and the generally higher fees necessary to operate a large Center which can attract an additional population source.

### Referrals

SCCCC child care services are provided in accordance with a contract with the New York State Division of Child Care Services. Services include responding to parents requests about available child care providers in the county. In accord with State requirements a minimum of three providers, if possible, should be identified for each request. The addition of the SCCCC child care center will result in SCCCC being eligible to be included in referrals (listings) made in response to parents requests for information about child care center. As such, complete impartiality is necessary to avoid the appearance of, and potential for, conflict of interest.

A supervisor with the New York Division of Child Care Services, Child Care Resources, said that

the referral process that will include the SCCCCC as a Day Care Center was not considered to be a conflict of interest and emphasized that SCCCCC provided information about available providers from which parents could and should follow-up with providers and make their own decisions about child placement. The referral service is not a placement service and recommendations for placement are not permitted. Annual site visits under the control of the State Agency are performed to assure child care coordinating councils are in compliance with State requirements. No problems were reported with respect to the other New York Child Care Coordinating Council that also has a Child Care Center and makes referrals. The official in charge of the only other Child Care Resources and Referral Service program in New York State that also operates a day care center confirmed the absence of problems or complaints with respect to the referrals it provides.

SCCCCC services are currently being validated by the National Association of Child Care Resource and Referral Agencies. Of particular importance in the validation process that leads to a validation of services are actions with respect to quality assurance tests of referral services. These actions include blind shopper calls to obtain information about child care providers, a survey of parents across the service delivery area, individual interviews and focus groups, and written procedures for the referral process and referral specialist use. These tests are intended to identify problems such as a child care resource and referral entity showing preference for its own child care program over that of others in the area.

The Day Care Center will be separated from the other SCCCCC operations, including a separate entrance and responsibilities for the Day Care Center will be vested in a recently hired Director whose functions will be separate from staff included in the referral process.

SCCCCC officials are fully aware of potential conflicts of interest and emphasized that referrals are based on discussion with parents about types of services and locations desired and that favoring a particular provider is and will be avoided. The SCCCCC maintains available listings of referrals and uses the data to monitor and evaluate its program.

Although this activity was not considered a conflict of interest by State authorities, effective controls and oversight are necessary to assure impartiality with respect to referrals. While recognizing intentions to assure impartiality in referral decisions and the controls in place to assure impartiality, emphasis should be placed on effective State oversight and ARC grant monitoring to preclude surfacing of additional concerns about the referral process. We also recommend maximum possible separation of duties with respect to day care operations and referral services. The addition of a Child Care provider(s) to the SCCCCC Board of Directors would add a further control and could help to overcome perceptions of a conflict of interest in the referral process.

## Summary

We recognize that the potential impact on other child care providers, sustainability of the center and full impartiality cannot be fully addressed prior to project approval or start up. Substantial information with respect to the assessment and determination of needs, strong overall community support, including support by key organizations and officials, approval by the Office of the Governor, determinations that the project did not reach the level of unfair competition and controls over the referral process were noted as key factors for ARC grant approval.