

LEGISLATIVE AUDIT DIVISION

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MEMORANDUM

To: Legislative Audit Committee Members

From: Sarah A. Carlson, Senior Management and Program Analyst

Cc: Department of Public Health and Human Services
Charlie Brereton, Director
David Gerard, Deputy Director
Tracy Moseman, Administrator, Early Childhood and Family Support Division
Jody Lehman, Chief, Early Childhood Services Bureau

Date: December 2023

Re: Performance Audit Follow-up (24SP-08): *Ensuring Montana's Child Care is Affordable, Accessible, and Safe: Distribution of the Child Care and Development Fund (20P-06)*

Attachment: Original Performance Audit Summary

Introduction

The *Ensuring Montana's Child Care is Affordable, Accessible, and Safe: Distribution of the Child Care and Development Fund (20P-06)* report was issued to the Legislative Audit Committee in October 2022. The audit included three recommendations to the Department of Public Health and Human Services (DPHHS). In November 2023, we assessed the implementation of the report recommendations. This memorandum summarizes the results of our follow-up work.

Overview

DPHHS has made progress in implementing this audit's three recommendations. One implemented and the remaining two are being implemented. During the original audit, we identified three instances when the child care licensing processes did not prevent the approval of a child care license at a location that a Sexual or Violent Registry registrant had identified as their residence. We asked the department to add a new step in their process to prevent this, and the department did. We also asked for staff training on the correct action to take when receiving information of a potentially dangerous situation at a child care, which is also implemented. The remaining recommendations relate to the distribution of Child Care and Development Fund (CCDF) funding. We asked DPHHS to better use available demographic information by conducting annual assessments of the need for child care programs in each county in the state. We further asked the department to use this data for informing funding distribution decisions. A process to accomplish this is being implemented. We also asked DPHHS to develop measurable goals and timelines for all child care programs to track the programs' success in reaching the identified goals. This recommendation is being implemented as well.

Background

The CCDF supports most state-administered child care programs in the country. In 2021, excluding COVID-19 relief funds, Montana received approximately \$30 million from the CCDF accounting for 75 percent of all child care program spending by the state. The remaining 25 percent or \$10 million came from state sources. Montana's child care programs include things like Best Beginning Scholarships,

subsidies paid to providers on behalf of parents unable to afford child care, and ensuring the health and safety of child care attendees by licensing and registering child care providers. Seven regional Child Care Resource and Referral centers (CCR&Rs) contracted by DPHHS provide local child care program support to parents and providers. Most CCDF funding goes to two programs, Best Beginnings and the Regional CCR&Rs. The Early Childhood and Family Support Division at DPHHS administers the CCDF through the Early Childhood Services Bureau.

Audit Follow-up Results

The following sections summarize the progress toward implementation of the three report recommendations. One recommendation, related to licensing and the safety of children in child care, has been implemented. The remaining two relate to how DPHHS determines funding distribution and measures the success of child care programs, both are being implemented. Our follow-up work included interviewing department staff and reviewing documents related to various data collected by the division to implement the recommendations. These include a recently developed five-year CCDF Strategic Plan, Monthly Child Care Management Report, Monthly Managerial Supplemental County Level Report, Child Care Resource and Referral (CCR&R) Quarterly Report, Data Manager Job Description, and new CCR&R contracts, and documents related to the new child care licensing procedure. We also reviewed the department's new data dashboard.

Recommendation #1

We recommend the Department of Public Health and Human Services conduct and document annual assessments of child care needs based on demographic information of each county and use this data to inform funding distribution decisions.

Implementation Status – Being Implemented

The department has begun incorporating more data review and analysis in all division decision making, including child care funding distributions. It developed an annual CCDF spending plan informed by a number of data points prior to each federal fiscal year and before new contract cycles begin for the seven regional CCR&Rs. To do this the department needs the ability to view and use data from various sources in a meaningful way. In response, the division is developing a tool to make it easier to view and use relevant data. Their new GIS-based dashboard overlays and compares data points. The data includes current county-level demographic information such as the following.

- Population of children 0-11 years old
- Average cost of childcare
- Unemployment rate
- Population of children participating in SNAP and TANF
- Population of children covered by Medicaid and Healthy Montana Kids (CHIP)
- Number of licensed child care programs, their capacity, and child care program type such as center, family, group, family, friend, and neighbor

During follow-up work, we reviewed the dashboard prototype and found its data corresponds to our recommendation regarding the use of annual county demographic information. The department also emphasized its on-going sources of data used related to child care programs such as the Monthly Child Care Management Report, the CCR&R Quarterly Report, and a Monthly Managerial Supplemental County Level Report. An observation during our original audit work was that DPHHS's considerable available information was disparate, in varied locations, and not easily viewed holistically when making CCDF and other funding distribution decisions. The new dashboard will successfully address this concern. While the department has not yet used data and analysis from the new dashboard to inform CCDF funding decisions, its annual CCDF spending plans informed by data in the new dashboard are the necessary components to implement this recommendation. The department plans to launch the dashboard in early 2024.

Recommendation #2

We recommend the Department of Public Health and Human Services develop and document measurable goals of CCDF-funded child care programs using the new annual county-level risk assessment and other inputs, including timelines, measurement tools, and target levels indicating success.

Implementation Status – Being Implemented

While the division has not documented specific and measurable goals related to CCDF-funded child care programs, it has completed needed preliminary steps to make this possible. In March 2023, the department developed a five-year CCDF strategic plan with general goals and metrics. In addition, regional CCR&Rs are being asked in their annual contracts to include data-driven goal setting for regional efforts such as recruiting new providers in their region. As the recommendation states, the goals for the CCDF-funded programs need to incorporate timelines, measurement tools, and targets indicating success in progressing toward, and reaching, the goals. Department staff stated these needed steps will be taken by child care program staff with the assistance of the GIS Analyst responsible for developing much of the new dashboard and a Data Manager Position the department anticipates filling in Spring 2024. These anticipated next steps are fundamental to legislators, department management, other stakeholders, and the public gaining needed insight to the success of child care programs. If the necessary specificity regarding measurable success and timelines is not incorporated, the value of the department's work to date will be significantly diminished.

Recommendation #3

We recommend the Department of Public Health and Human Services:

A. Change child care license/renewal process to include a check of the child care address against the Sexual or Violent Offender Registry.

B. Develop and document training and train staff on the correct action to take when information is received regarding a potentially dangerous situation at any child care.

Implementation Status – Implemented

Upper management at the department was understandably concerned when notified during the original audit that we had identified three instances when the child care licensing process did not prevent the approval of a child care license at a location that a Sexual or Violent Registry (SVOR) registrant has identified as their residence. We asked DPHHS to add a new step in its process to prevent this, and it quickly did. During follow-up work we reviewed a screenshot from the licensing process showing the new SVOR address check. The department's policy, and software, requires licensing staff to indicate they have conducted an address search of the SVOR registry before an application can be approved. This applies to both new and renewing facilities of all types of licenses and registrations, including license exempt providers. We also recommended training for staff on the correct action to take when receiving information of a potentially dangerous situation at a child care facility. As a result, the department has increased information sharing with the Department of Justice (DOJ) related to child care safety issues. In addition to denying a license renewal, all licensing staff have been instructed to alert their supervisor when they determine a SVOR registrant appears to be living at the same address where child care is licensed to be provided. The supervisor then notifies a newly identified specific contact at DOJ about it. In addition, all licensing staff have been instructed about Tier 3 registered sexual or violent offenders. It is illegal for this type of registrant to reside in close proximity to a child care. All licensing staff have been instructed that they must notify DOJ, via their supervisor, if they find a Tier 3 SVOR registrant living near a child care. This proximity check is possible because licensing staff now has access to the SVOR GIS Map and have received training on how to use and view it.