



ANNOUNCEMENT: S-11 #04
ANNOUNCEMENT: ELS/KS-11 #10
OFFICE OF CHILD DEVELOPMENT & EARLY LEARNING
BUREAU OF SUBSIDIZED CHILD CARE SERVICES
BUREAU OF EARLY LEARNING SERVICES

ISSUE DATE: May 27, 2011
EFFECTIVE DATE: July 1, 2011
SUNSET: On-going

SUBJECT:	Keystone STARS Tiered Reimbursement
TO:	Child Care Information Services Directors, Regional Key Directors and Managers
FROM:	Todd Klunk  Acting Deputy Secretary, Office of Child Development & Early Learning

PURPOSE:

The purpose of this Announcement is to advise Child Care Information Services (CCIS) agencies and Regional Keys that tiered reimbursement amounts will decrease effective July 1, 2011. Tiered reimbursement adds an additional amount to the daily-subsidized child care rate for Keystone STARS providers with a STAR rating of two or above. Tiered reimbursement amounts increase with the number of STARS awarded to a facility. The additional amount to the daily rate rewards Keystone STARS providers for their achievement of STARS two and above, provides higher resources to providers at higher STAR levels, and encourages child care providers to participate in Keystone STARS to continue to strive for increased quality in their early learning programs.

Attached to this Announcement are:

- A Provider Letter that CCIS agencies must send to all providers; and
- A new Regulated Provider Agreement, Appendix F

This Announcement replaces Announcements S-09 #15 and ELS/KS-09 #45.

BACKGROUND:

The Keystone STARS program promotes quality standards for staff education, professional development, the early learning environment and business management. As early learning programs earn higher STARS ratings, they are improving the quality of the early education each child receives. The Keystone STARS supports make it possible for child care programs to improve quality without drastically increasing cost to parents. Although STARS programs that enroll at least 5% subsidized children receive support grants and merit awards, this financial assistance does not fully cover the increased cost of higher quality education and care they provide.

In July 2009, OCDEL enhanced tiered reimbursement by adding additional amounts to the daily subsidized child care rate for Keystone STARS providers with a STAR rating of two or above. Since then, OCDEL has seen an increase in the use of Keystone STARS facilities within the subsidy program. The Fiscal Year 2011-2012 state budget does not contain an increase for tiered reimbursement. Increased use of Keystone STARS along with no additional funding requires OCDEL to decrease the amount of the tiered add-on rate for facilities with two, three and four STARS. OCDEL will continue to support and encourage continuous quality improvement in early education through tiered reimbursement, but at a lower rate.

DISCUSSION:

Child care centers, group child care homes and family child care homes that have a Keystone STARS rating of two and above will receive a daily add-on amount to their current subsidized payment rate. The amount of the add-on will be based on the provider's STARS rating and unit of care (full-time or part-time).

The new daily add-on amounts per child are as follows:

Daily Amount for:	STAR 2	STAR 3	STAR4
Full-time	\$0.60	\$1.25	\$2.50
Part-time	\$0.25	\$0.85	\$1.15

The add-on amount indicated above includes all provider types and all care levels. The additional daily amount may in some circumstances, increase provider rates to an amount that exceeds the Maximum Child Care Allowance.

The new add-on amounts will be updated in PELICAN Child Care Works and will be effective July 1, 2011, pending final passage of the State Budget.

NEXT STEPS:

- 1) Review this Announcement with appropriate staff.
- 2) CCIS agencies will notify regulated providers using the attached provider letter. The letter may be mailed with Attendance Invoices.
- 3) Effective July 1, 2011, CCIS agencies must begin to use the new Regulated Provider Agreement, Appendix F.
- 4) Regional Keys will notify providers in accordance with ELS/KS-08 #28 regarding verification of communication.
- 5) OCDEL will post the Keystone STARS Awards FY 2011-2012 document to the PA Keys website at www.pakeys.org.