

Date: April 18, 2023

To: Representative Wood and House Human Services

From: Janet McLaughlin, Deputy Commissioner, Department of Children and Families

Re: Comments on S.56 draft 2.1

Thank you for your focus on meeting the needs of Vermont's families with young children.

We are aligned on the need to support Vermont's child care system and that families, programs, and workers all need additional support and resources. We are grateful that the committee's work includes the key elements of the Governor's child care proposal and we appreciate your attention to implementation concerns.

Key points

We are glad for the inclusion of our proposal for a **more equitable payment structure by decoupling CCFAP and STARS**. We also appreciate this committee including these changes for school-age children benefitting from CCFAP. We are concerned about the combined cost of the increased expansion and rates at the levels contemplated by this committee. (Sections 5, 6, and 7)

We believe that Vermont's **Universal Prekindergarten** for both 3- and 4-year-olds in a mixed delivery system has created a strong base from which that state can continue to build. Moving to a school-led program only for 4-year-olds will require dismantling some valued programs and partnerships. It will have implications for other elements of the system that are built around 3- and 4-year-olds such as EEE (IDEA Part B) and Head Start and may weaken partnerships between schools and community-based programs. It will remove an effective and valuable quality incentive for community-based child care programs. It would remove valuable safety consultation and oversight provided by child care licensing. It will still require active DCF engagement because of the need to create much more afterschool and summer programming for 3- and 4-year-olds. In the next year, we will have dedicated resources for strengthening our mixed delivery system through the federal Preschool Development Grant Birth to Five that recognizes the unique developmental stage of 3 and 4yos. We recommend the proposed Prekindergarten Implementation Committee be tasked with making plans to serve all 4-year-olds without reducing services for 3-year-olds. (Section 2)

We appreciate that there are funds included in the bill for **administration** of these changes. We do need to have state positions built in for DCF to successfully implement these proposals. The Governor's budget included 6 additional positions for an increase to 400% FPL. S.56 increases eligibility much higher and includes other substantial changes to CCFAP and supports for the field. This work will require more staff than the Governor's proposal. (Section 7)

We also appreciate your attention to DCF's concerns regarding **implementation timing and capacity**. The contemplated CCFAP model changes include increased eligibility, increased provider rates, an increased family share and regular indexing of the provider rates in addition to regular eligibility updates based on increases in the federal poverty level. Creating and updating policies and communications regarding these changes is a significant workload; programming updates and implementing these via a "mass redetermination" in the CDDIS system is also an essential and time-intensive workflow. These

changes also require all families and providers to be issued new CCFAP certificates that then impact their own payments and invoices. In addition, all changes to the design of the CCFAP program must be submitted to the federal Office of Child Care as amendments to Vermont's CCDF plan. We request to be able to consolidate changes to CCFAP to no more than two times per year; ideally in the CCFAP service periods that include October 1 and April 1 to minimize the administrative burden of these transitions for families, providers, eligibility specialists, and DCF. (Multiple sections)

Detailed comments on selected sections

Section 5a:

- We support the desire to ensure that CCFAP is available in languages beyond English. We want to flag that we may not be able to make the CDDIS interface available in multiple languages but would like to be able to offer eligibility and application information in other languages as well as translation services.
- We understand and support the desire for a way to serve children who have a citizenship status that might otherwise exclude the resident from participating in CCFAP. In developing this program, including protections for participating children, we are consulting with other states. Please do not be surprised if we return next session with potential legislative changes to implement.

Section 8:

- Quick implementation of the Readiness grants requires formula model and a beneficiary structure similar to ARPA stabilization. If the committee wants to support capacity-building, DCF would recommend supporting the existing capacity-building grant program rather than embedding it into the Readiness program; spending large amount of capacity-building funding well takes careful planning by programs and proper vetting by DCF and its partners.

Section 9:

- We appreciate changes to clarify that payments vary on age, hours, setting, and specialized child care status. We would like any rate adjustments to happen during one of two annual program updates proposed above.
- We believe that we can achieve the goals intended by an enrollment-based system and appreciate the flexibility to design Vermont's enrollment model.
- The bill strikes the language related to the Vermont Child Care Market Rate Study. At this point, this is Vermont's federally approved methodology for setting capped rates for CCFAP. We believe this change does not preclude us from using this methodology but would like to hear from the committee about their intention.

Section 10:

- We recommend the Quality and Capacity Incentive Program begin on July 1, 2024 when the new STARS program will be fully implemented. To operate an efficient grant program that provides a payment to many child care programs each year, the achievements rewarded in this system should be clearly measurable and verifiable by the division; criteria 1–5 are standards that are already defined and collected by the division.

Section 11:

- It would be difficult for DCF to monitor and enforce the proposed “child care waitlist and application fee” rules; we are reticent to make it a rule for CCFAP participation because of that. We are curious about implementation for families that apply to multiple programs and if the issue will be larger as eligibility expands.

Section 12:

- DCF does not have role in telling programs how much they can charge for child care tuition. We do have provider rate agreements for CCFAP that control the maximum we pay but we don't dictate how much these independent entities can charge. If it is implemented, it is not clear how it would be enforced and by what entity.

Sections and 18 and 19:

- DCF is committed to supporting the early childhood education workforce through the TEACH scholarship program and the Student Loan Repayment program in SFY23; we have significant ARPA funding available for both initiatives through September 2024. The Prospective ECE Scholarship program is being sunsetted based on mutual agreement of DCF and its implementing partner VSAC; the ARPA funding stream was not a good match for the forgivable loan model and there was limited interest by early childhood education students who had options for scholarships with fewer strings attached at this point in time.