

Family ECE Contribution as a Percentage of Family Income Under the CCFAP Structure

Senate Committee on Finance

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March 24, 2023

DM #368025, v. 5



How does a family's contribution for early care and education change as income relative to the Federal Poverty Level changes?

- Vermont's Child Care Financial Assistance Program (CCFAP) expects families with income above 150% of the Federal Poverty Level (FPL) to pay some or all Early Care and Education (ECE) tuition
- Families with income up to 150% of FPL now have no co-pay
 - Families with income just above 150% FPL up to 175% FPL pay \$25/week
 - Families with income just above 175% FPL up to 200% FPL pay \$50/week
 - And so on
- The CCFAP subsidy currently ends at 350% of FPL
- The CCFAP reimbursement rate for 5-star ECE center-based care in FY 2023 is capped at \$17,250 (an average of infant, toddler, and preschool amounts)



Child Care Financial Assistance State's Capped Rates

Effective July 3, 2022

The State's capped rates are the maximum amount the State will pay to a child care provider on behalf of a family receiving child care financial assistance. The State will pay the lesser of the two: up to the provider's rate or the State's capped rate. To receive the maximum amount the State pays, a child care provider may need to increase their rates. For more detailed information about payments, which includes examples, please see our [fact sheet](#).

Licensed Care		1 STAR	2 STARS	3 STARS	4 STARS	5 STARS
Infant	Full-Time	\$290	\$297	\$300	\$314	\$349
	Part-Time	\$159	\$163	\$165	\$172	\$191
	Extended Time	\$394	\$403	\$408	\$427	\$474
Toddler	Full-Time	\$280	\$281	\$289	\$306	\$328
	Part-Time	\$154	\$156	\$159	\$168	\$180
	Extended Time	\$380	\$382	\$393	\$416	\$446
Preschool	Full-Time	\$275	\$280	\$288	\$300	\$325
	Part-Time	\$151	\$154	\$158	\$165	\$178
	Extended Time	\$374	\$380	\$391	\$408	\$442
School Age	Full-Time	\$225	\$231	\$245	\$250	\$275
	Part-Time	\$123	\$127	\$134	\$137	\$151
	Extended Time	\$306	\$314	\$333	\$340	\$374

Registered Home		1 STAR	2 STARS	3 STARS	4 STARS	5 STARS
Infant	Full-Time	\$200	\$203	\$207	\$210	\$225
	Part-Time	\$110	\$111	\$113	\$115	\$123
	Extended Time	\$272	\$276	\$281	\$288	\$306
Toddler	Full-Time	\$198	\$200	\$204	\$208	\$211
	Part-Time	\$108	\$110	\$112	\$114	\$116
	Extended Time	\$269	\$272	\$277	\$285	\$286
Preschool	Full-Time	\$190	\$195	\$200	\$205	\$210
	Part-Time	\$104	\$107	\$110	\$112	\$115
	Extended Time	\$258	\$265	\$272	\$278	\$285
School Age	Full-Time	\$185	\$190	\$195	\$198	\$200
	Part-Time	\$101	\$104	\$107	\$108	\$110
	Extended Time	\$251	\$258	\$265	\$267	\$272

Important Definitions

Authorized Hours of Care:

- Full-Time Weekly – 26 to 50 hours a week
- Part-Time Weekly – 1 to 25 hours a week
- Extended Time – more than 50 hours a week

Child's Age

- Infant – birth up to 24 months old
- Toddler – 2 up to 3 years old
- Preschool – 3 up to 5 years old
- School Age – 5 up to 12 years old (19 if child has special needs)



Possible changes in CCFAP going forward

- The Governor's proposal would decouple the CCFAP reimbursement rate to providers from the STARS rating system
 - All providers would receive the 5-star reimbursement amount
 - All early care and education centers would receive \$17,250 per CCFAP child per year if the change went into effect today (an average of infant, toddler, and preschool amounts)
 - All home-based care providers in FY 2023 would receive \$11,258 per CCFAP child per year if the change went into effect today (again, an average of infant, toddler, and preschool amounts)
- The RAND report calculated the cost per child of high-quality care at centers would be about \$28,100, or about 63% higher

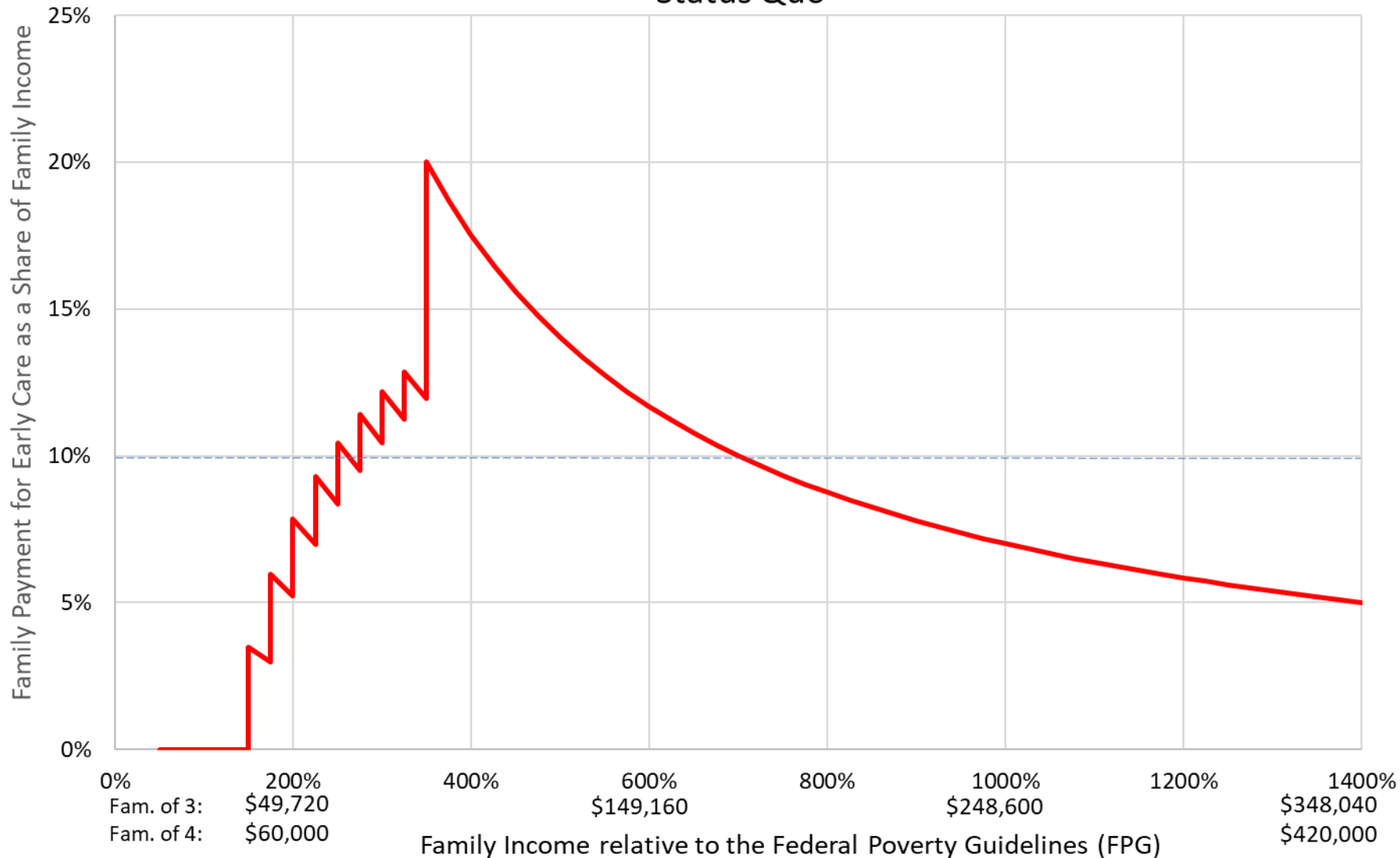


Share of Family Income for Early Care at \$17,250*/yr; CCFAP: \$25/wk to 350%

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*CCFAP capped rate at 5-star centers; One child in care; 100% FPG = \$24,860, family of 3 in 2023

Status Quo



Sources: Federal poverty guidelines, HHS; Vermont Dept. of Children and Families; RAND Report; JFO analysis JFO/jm; Mar.20, 2023



Use S.56 “middle ground” CCFAP reimbursement amount;
Need to adjust 2022 \$\$ amounts to reflect 2023 \$\$;
Increase by 5.5 percent to reflect wage inflation

- Proposed “Middle Ground” reimbursement amount to early care centers is \$24,265 per child per year on average in 2023 \$\$
- Start family payments of \$25 per week at 185% FPL up to 200% FPL
- CCFAP pays the full amount per child up to 185% FPL
 - Family of 3: \$45,991; Family of 4: \$55,500
- Continue CCFAP reimbursements up to 600% FPL
 - Family of 3: \$149,160; Family of 4: \$180,000

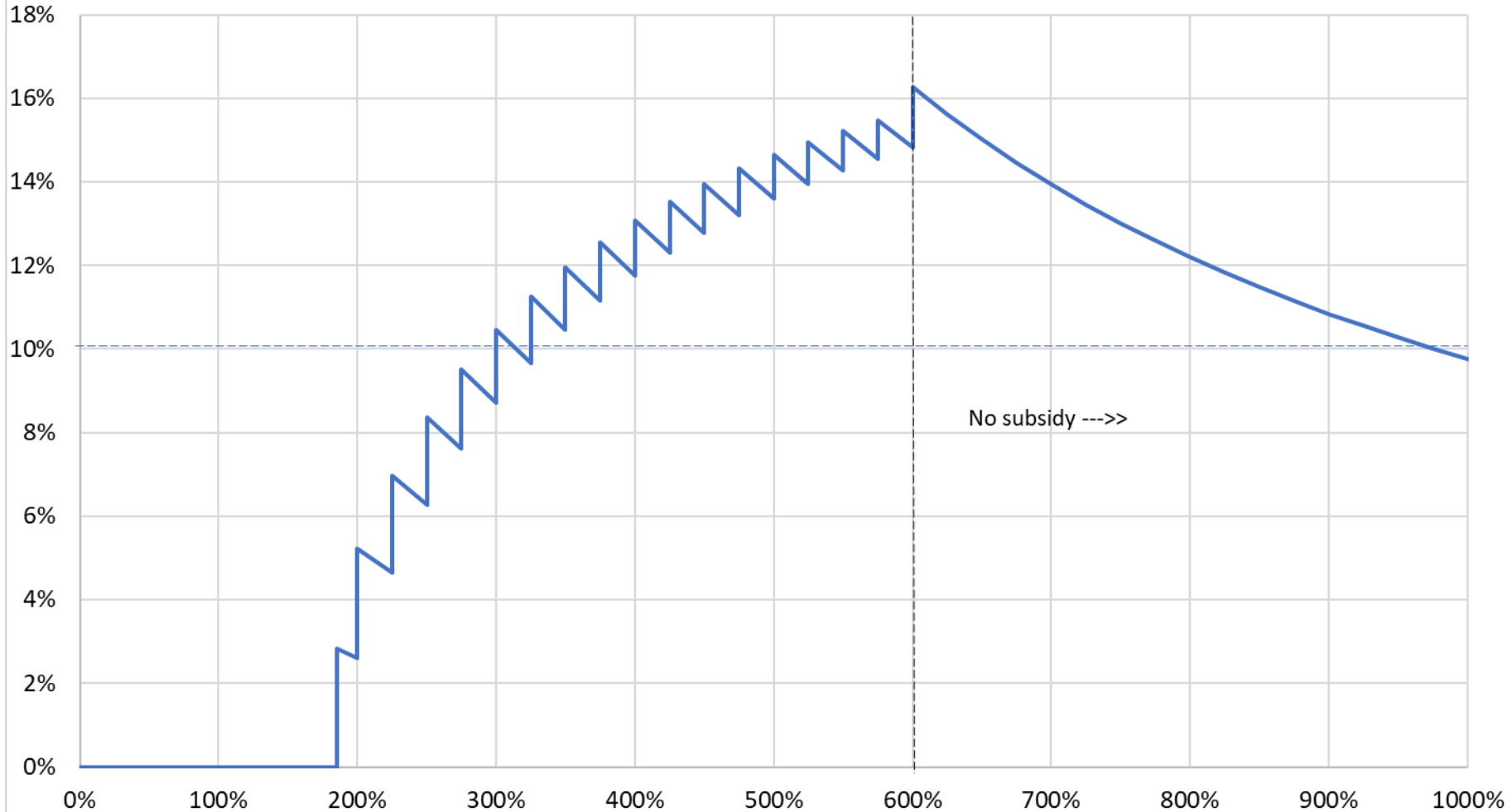


Different 5-star CCFAP Provider Reimbursement Rates, Centers; 2023 \$

	Annual	Weekly	Ratio
Current avg. CCFAP reimbursement			
Survey, at 75th percentile (up 5.5%)	\$ 18,199	\$350	61%
"Middle ground" avg. reimbursement			
Survey, at 100th percentile	\$ 24,265	\$467	82%
High quality avg. reimbursement			
RAND report	\$ 29,646	\$570	100%



Family Income Share for Centers' Early Care at \$24,265*/yr; CCFAP is \$25/wk up to 600%
 *Middle ground betw status quo and HQ; Start pymt 185% FPL; One child in care; 2023 FPL



No subsidy --->>

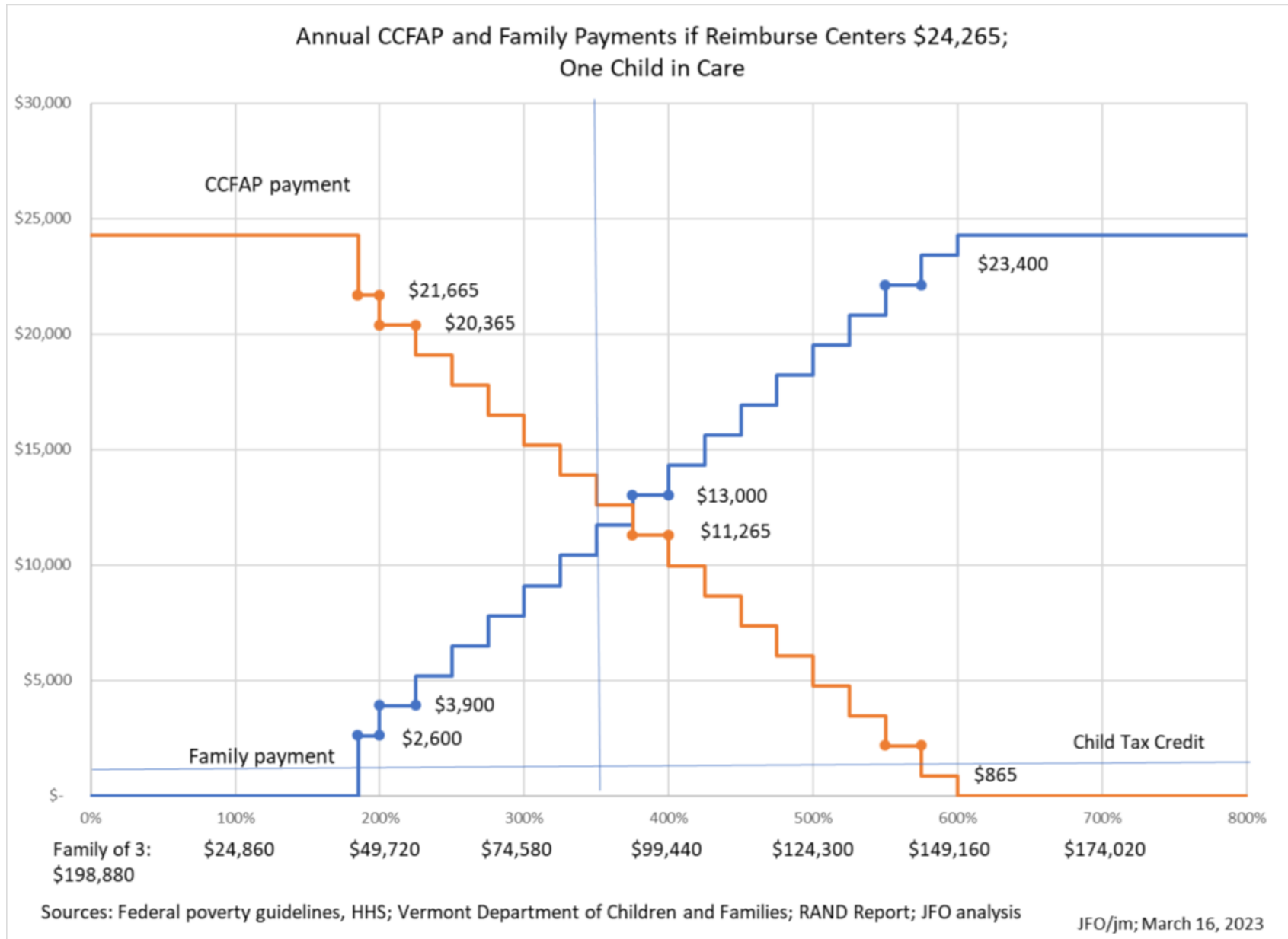
Family of 3:	\$24,860	\$49,720	\$74,580	\$99,440	\$124,300	\$149,160	\$174,020	\$198,880
Family of 4:	\$30,000	\$60,000	\$90,000	\$120,000	\$150,000	\$180,000	\$210,000	\$240,000

Sources: Federal poverty guidelines, HHS; Vermont Department of Children and Families; RAND Report; JFO analysis

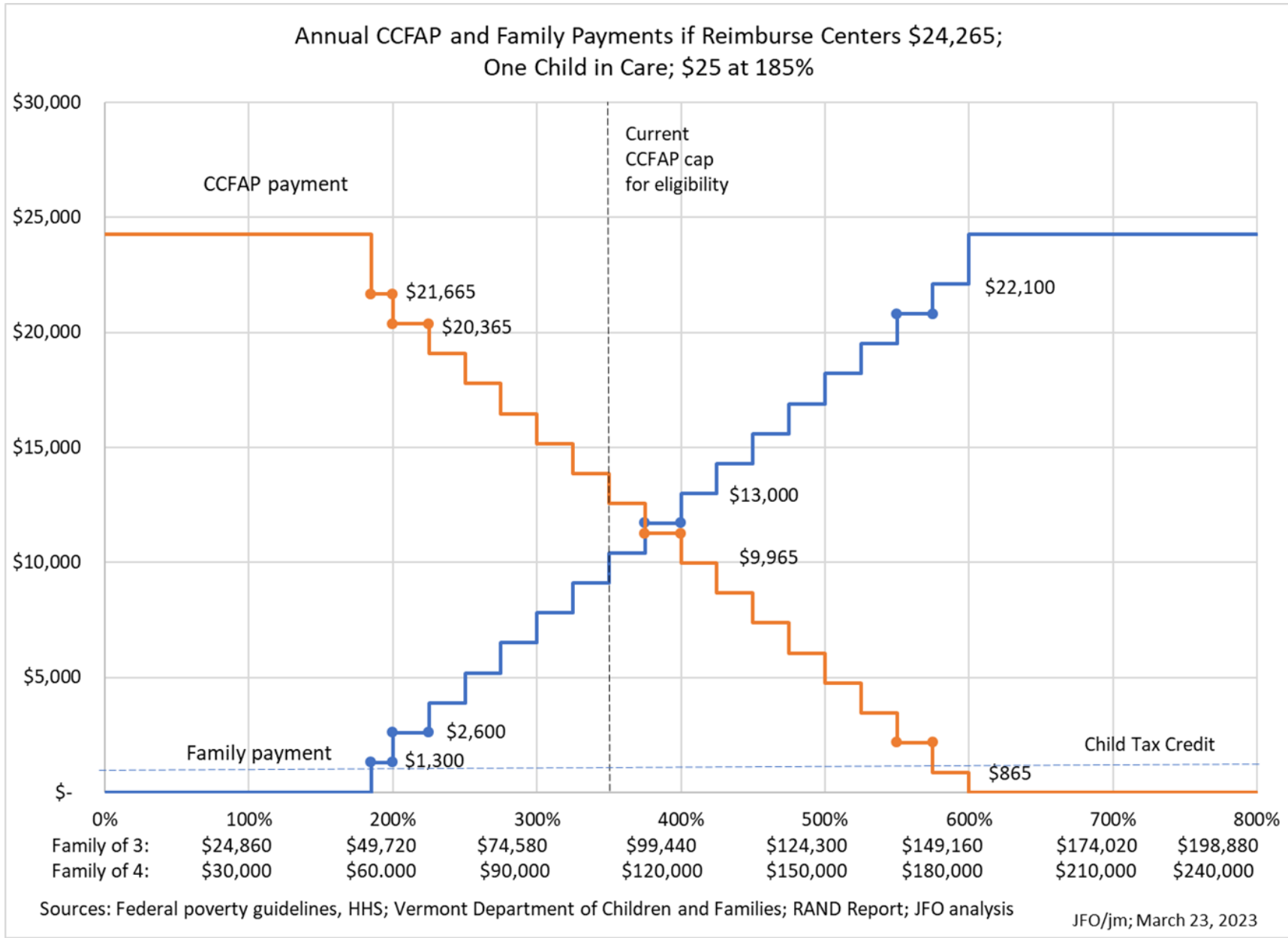
JFO/jm; March 16, 2023



Follow status quo
stairstep:
\$50/week at
185% FPL



Follow proposed
stairstep:
\$25/week at
185% FPL



CCFAP numbers as of Nov 2022					JFO/jm; Mar 23, 2023	
Current 0-4		0% to 350% FPL		Statewide Regulated Capacity		
	Infant	1,000		Infants	2,910	
	Toddler	800		Toddlers	3,220	
	Prek	2,700		PreK	10,870	
	Total	4,500			17,000	
				Sept 2022 VT CC Provider Data		
	Budget	\$58.50	mil			
S.56 Increased CCFAP Utilization, JFO Estimate						
		0% to 350% FPL	350% to 600%	Total Increase		
	Total	2,900	4,800	7,700		
		or 66% increase		171% overall increase		
				Note: not all of this is new caseload to providers some are private pay to CCFAP but some is new capacity need		
				12,200	Combined overall CCFAP caseload	
RAND report: 60% of 0-4 children are under 350% FPL						
81% of 0-4 children are between 350% and 500% FPL						
19% of children are above 500% FPL						



Multiples of Family Poverty Level

2023



Household Size	100%	150%	185%	200%	350%	400%	450%	500%	575%	600%	700%	800%
3	\$24,860	\$37,290	\$45,991	\$49,720	\$87,010	\$99,440	\$111,870	\$124,300	\$142,945	\$149,160	\$174,020	\$198,880
4	\$30,000	\$45,000	\$55,500	\$60,000	\$105,000	\$120,000	\$135,000	\$150,000	\$172,500	\$180,000	\$210,000	\$240,000
5	\$35,140	\$52,710	\$65,009	\$70,280	\$122,990	\$140,560	\$158,130	\$175,700	\$202,055	\$210,840	\$245,980	\$281,120
6	\$40,280	\$60,420	\$74,518	\$80,560	\$140,980	\$161,120	\$181,260	\$201,400	\$231,610	\$241,680	\$281,960	\$322,240

<https://aspe.hhs.gov/poverty-guidelines>



Thank you!

