

The CCFAP Disconnect

The Growing Gap Between Tuition Assistance Rates and Actual Tuition

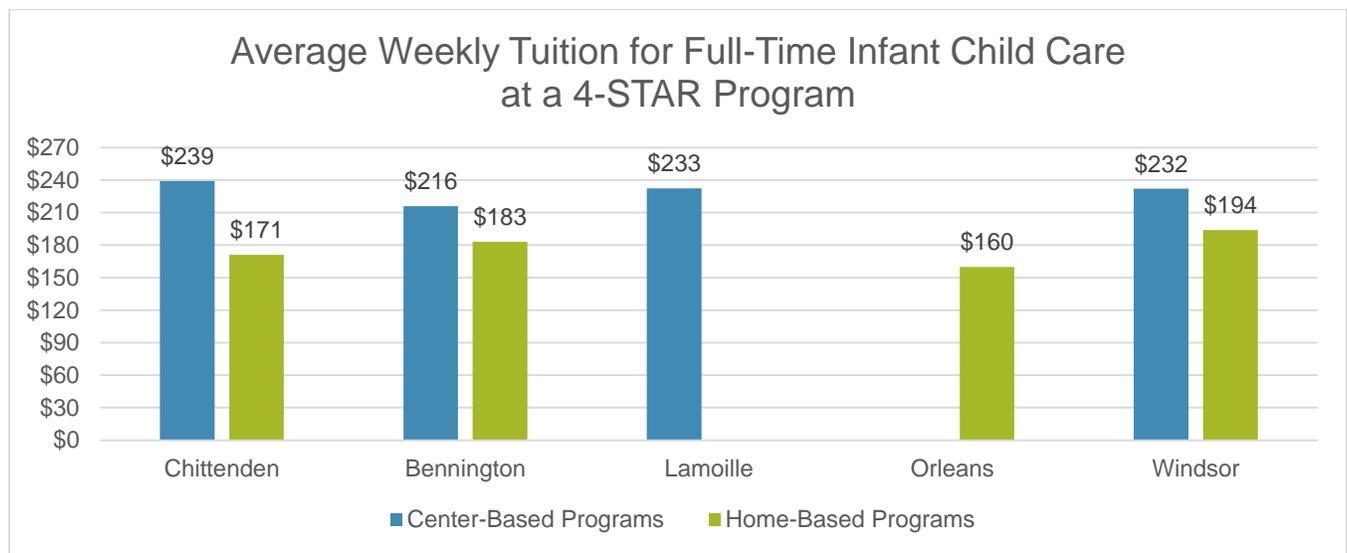
Vermont's **Child Care Financial Assistance Program (CCFAP)** is an important resource for lower-income Vermont families to enroll their children in quality child care programs while parents work or attend school. However, funding for the program has not kept pace with increasing child care costs, limiting parents' ability to access quality child care programs and leaving **more than a \$10.1 million funding gap** in the program.

The Vermont Early Childhood Alliance, Let's Grow Kids, Vermont Association of Child Care Resource and Referral Agencies, Vermont Association for the Education of Young Children and Vermont Child Care Providers Association are concerned that these significant funding challenges have direct and serious impacts on Vermont's children, families and child care providers.

The Funding Gap's Impact on a Two-Person Family (one parent and one child)

Sam makes \$19,788 a year (100% of the 2015 federal poverty level for a family of two, the current eligibility threshold for 100% CCFAP tuition assistance for a family of two). Sam has an infant, Jordan, who needs child care so that Sam can go to work. Sam is searching for full-time infant child care for Jordan at programs that have a recognition level of 4 STARS through the state's quality recognition and improvement system known as STARS (STep Ahead Recognition System). For 4-STAR programs, Jordan would receive \$183 per week in tuition assistance for a center-based program or \$153 per week for a home-based program from CCFAP.

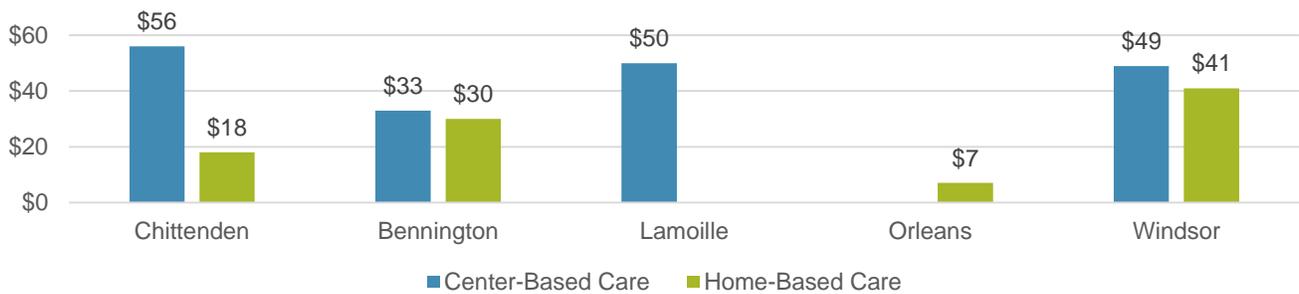
Here's how current CCFAP tuition assistance rates for 4-STAR programs compare to current average tuition rates charged by 4 STAR providers in several Vermont counties who accept infants:



Note: There is only one 4-STAR home provider in Lamoille and there are no 4-STAR centers in Orleans so averages were not included for the respective categories for those counties. Average tuition rates were calculated from provider-reported information available in Vermont's Bright Futures Information System as of Thursday, April 14, 2016.

As you can see, CCFAP tuition assistance payments are less than the actual cost of tuition across all counties. This means that Sam may have to pay the difference, even though, at Sam's income level, the program is designed to cover 100% of the cost of child care. Alternatively, Sam's child care provider may have to take a loss on Jordan's tuition.

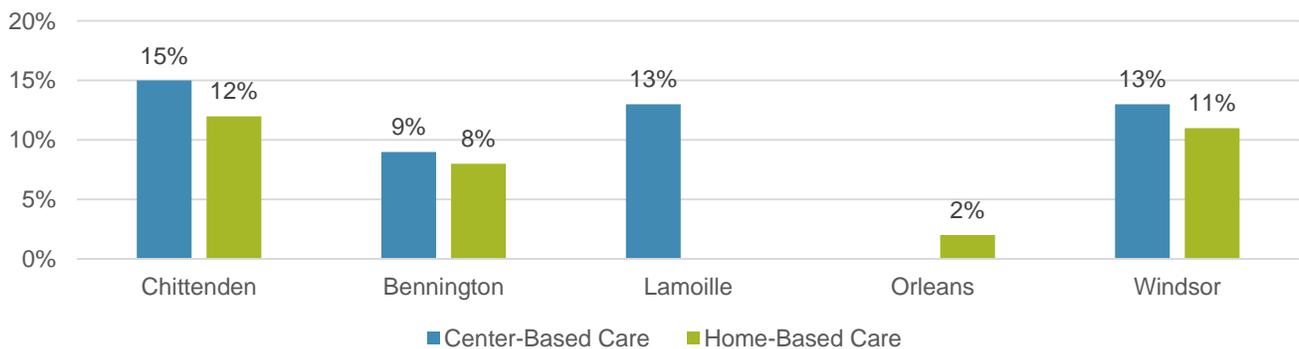
Weekly Out-of-Pocket Expense Sam May Have to Pay for Full-Time Infant Child Care or the Weekly Tuition Cost that Jordan's Child Care Provider Would Have to Cover



Note: There is only one 4-STAR home provider in Lamoille and there are no 4-STAR centers in Orleans so averages were not included for the respective categories for those counties.

These potential out-of-pocket expenses for Sam can also be viewed as a percentage of Sam's weekly income. The federal government recently released recommendations that child care expenses make up no more than 7% of a family's monthly expenses. As you can see from the following graph, Sam would pay more than the recommended 7% in all but one Vermont county.

Weekly Out-of-Pocket Cost for Child Care as a Percent of Sam's Weekly Earnings



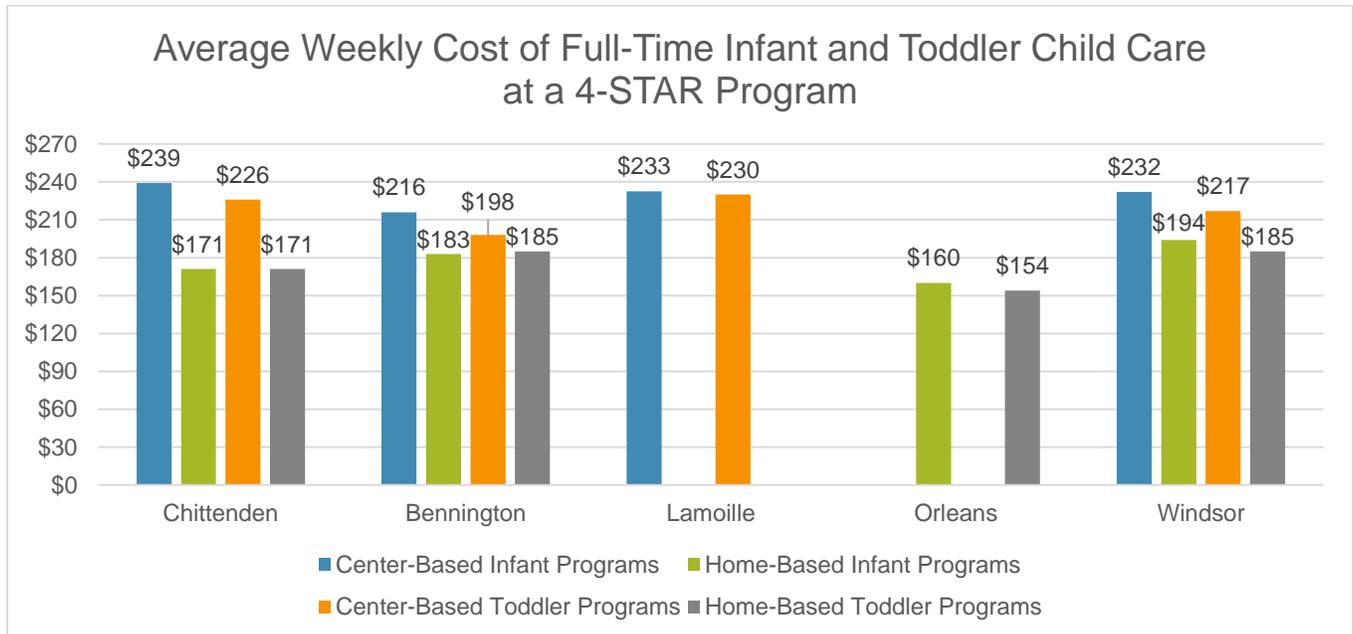
Note: There is only one 4-STAR home provider in Lamoille and there are no 4-STAR centers in Orleans so averages were not included for the respective categories for those counties.

But what if Sam and Jordan were part of a larger family?

Let's say Sam marries Jessie. Together, Sam and Jessie earn \$23,856 a year (100% of the 2015 federal poverty level for a family of four, the current eligibility threshold for 100% CCFAP tuition assistance for a family of four). Jessie has a toddler, Harper. So that Sam can work and Jessie can go to school to learn a new trade, they are looking for full-time infant care for Jordan and full-time toddler care for Harper. Sam and Jessie are searching for full-time child care for Jordan and Harper at programs that have a recognition level of 4 STARS through the state's quality recognition and improvement system, known as STARS (STep Ahead Recognition System). For 4 STAR programs, Jordan would receive \$183 per week for a center-based program or \$153 per week for a home-based program and Harper would receive \$179 per week for a center-based program or \$147 per week for a home-based program in tuition assistance from CCFAP.

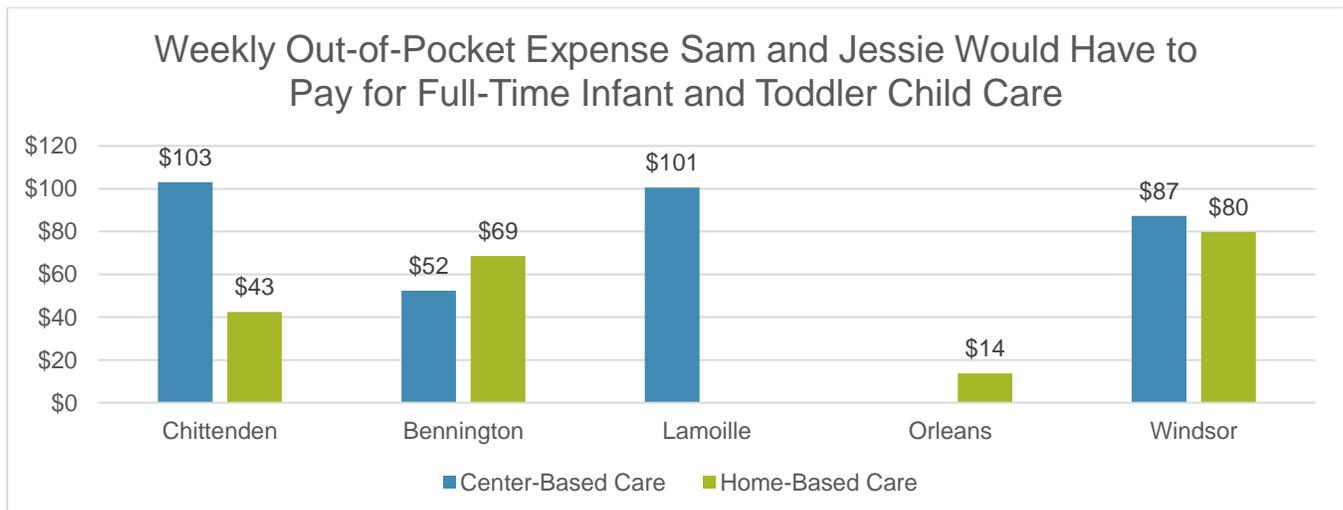
The Funding Gap's Impact on a Four-Person Family – 2 parents, 1 infant, and 1 toddler

Here's how current CCFAP tuition assistance rates for 4-STAR programs compare to current average tuition rates charged by 4-STAR providers in several Vermont counties who accept infants and/or toddlers:



Note: There is only one 4-STAR home provider in Lamoille and there are no 4-STAR centers in Orleans so averages were not included for the respective categories for those counties. Average tuition rates were calculated from provider-reported information available in Vermont's Bright Futures Information System as of Thursday, April 14, 2016.

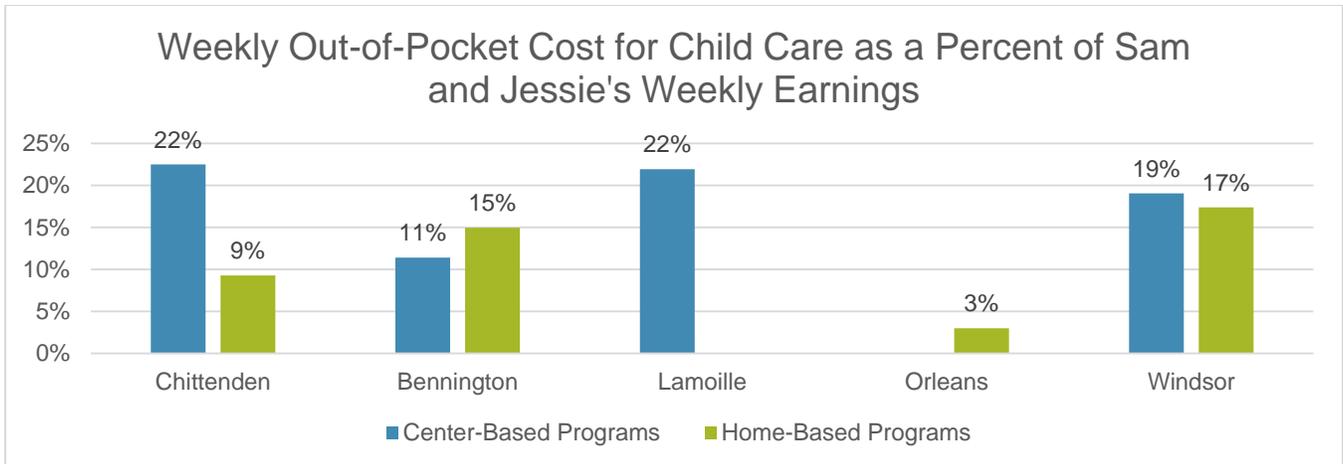
Similar to what we saw with infant child care tuition rates, CCFAP tuition assistance payments for both infants and toddlers are less than the actual cost of tuition across all counties. As noted before, this means that Sam and Jessie may have to pay the difference between the tuition rate and CCFAP's tuition assistance rate, even though, at Sam and Jessie's income level, the program is designed to cover 100% of the cost of child care. Alternatively, Jordan and Harper's child care provider may have to take on the difference as a loss.



Note: There is only one 4-STAR home provider in Lamoille and there are no 4-STAR centers in Orleans so averages were not included for the respective categories for those counties.

Developed by Let's Grow Kids in partnership with Child Care Resource. For more information, please contact:
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These potential out-of-pocket expenses can also be viewed as a percentage of Sam and Jessie’s weekly income. As discussed previously, the federal government recently released a recommendation that families pay no more than 7% of their income on child care expenses. As you can see from the following graph, Sam and Jessie would pay as much as 22% of their weekly earnings for full-time care for Jordan and Harper.



So what does all of this mean for Vermont families?

It means that a program that was designed to provide 100% child care tuition assistance to those at or below the federal poverty level has fallen behind actual tuition costs and eligibility thresholds because of underfunding. For the long-term, the Blue Ribbon Commission on Financing High Quality, Affordable Child Care is looking at Vermont’s child care programs as a whole, and will recommend approaches to address the broader challenges faced by CCFAP in a report to the Governor and Legislature. **While the Commission works on identifying sustainable funding, Vermont’s children and families need the Vermont Legislature to address the current financial gaps faced by the program.**

Vermont’s families need help now. CCFAP needs an additional funding increase of at least \$1 million for FY17. The longer the state waits to align CCFAP funding with current needs, the more it falls behind, hurting Vermont’s children, families and child care providers.