



STATE OF VERMONT
HOUSE OF REPRESENTATIVES

MEMORANDUM

To: Rep. Mitzi Johnson, Chair, House Committee on Appropriations
From: Rep. Ann Pugh, Chair, House Committee on Human Services
Cc: Rep. Shap Smith, Speaker, House of Representatives
Date: March 12, 2015
Subject: Recommendations on Governor's FY16 budget

As requested, the House Committee on Human Services (Committee) has reviewed provisions of the Governor's proposed FY16 budget. The Committee thanks the House Committee on Appropriations for the opportunity to comment on these provisions.

In its work, the Committee aims to achieve the following goals:

- to ensure that vulnerable Vermonters are safe and protected;
- to ensure that structures are maintained to assist Vermonters in moving out of poverty;
- to ensure that the General Assembly addresses problems and removes barriers that can lead to even greater costs to the State; and
- to ensure that all Vermonters have access to services and supports that will enable them to attain their highest level of independence and realize their potential.

Many provisions of the proposed budget significantly restrict the the Committee's ability to achieve its goals. In light of these reservations, the Committee makes the following comments and recommendations:

Sec. C.101 Blue Ribbon Commission on Cost and Financing Options for High Quality, Affordable Child Care

The Committee supports the Governor's proposed Blue Ribbon Commission, particularly due to its timeliness and the important problem it addresses. Most importantly the Committee's support is contingent upon the testimony that the Commission will be supported and maintained entirely by private donors. The Committee noticed that the proposed language does not reference per diems for legislative members and would like to see language on this matter added, so long as legislative per diems would also be covered by private donations.

The Committee suggests a few changes with regard to the membership of the Blue Ribbon Commission, as well as to the provisions on interactive television and the Commission's reporting requirements. The Committee suggests a variation of the proposed language as written below:

Blue Ribbon Commission on Financing High Quality, Affordable Child Care.

(1) Creation. The Secretary of Administration shall establish a Blue Ribbon Commission on Financing High Quality, Affordable Child Care, which shall be funded entirely with private funds.

(2) Purpose. The purpose of the Commission is to identify the totality of State, federal, and grant money currently being expending on child care in Vermont, to examine the costs, affordability, and availability of funding for high quality child care for children ages birth through five, and to make recommendations to the General Assembly and the Governor for closing the gap between what is needed for adequate public funding and what is being provided at the present time.

(3) The Blue Ribbon Commission will meet and support goals and strategies within the Vermont Early Childhood Framework and the accompanying Vermont Early Childhood Action Plan, especially goals three and four.

(4) The goals of the Commission are as follows:

(A) to determine the total costs of providing equal access to voluntary, high quality, early care and education for all Vermont children, ages birth through five. The Commission shall consider the needs and preferences of families, which may range along a continuum from partial day or partial year services to full day or full year services and include nontraditional work hours as well as usual business hours or a combination of these;

(B) to work in coordination with the ongoing efforts of Vermont's Early Learning Challenge – Race to the Top grant, Vermont's PreK Expansion Grant, and Vermont's

implementation of Act 166 – Universal PreK;

(C) to examine current policies in Vermont’s Child Care Financial Assistance Program (CCFAP) in relation to national trends and innovation in subsidy practice, as well as the relationship between CCFAP and other public benefits taking into consideration the overall impact on families, and recommend changes to maximize the use of CCFAP to support affordable access to high quality, early care and education for eligible families;

(D) to consider various family compositions and income levels, to recommend the amount that families should pay toward the costs of high quality, early care and education, and to identify methods for reducing the costs for families paying more than what has been established as affordable;

(E) to determine capacity of current funding mechanisms for high quality, affordable early care and education and assess the need for expansion;

(F) to review and identify the sources of any potentially available funding from the State and federal government for high quality, affordable early care and education;

(G) to investigate the current economic impact of the child care industry, including its importance for the role it plays in enabling parents to be in the workforce;

(H) to review and identify potentially available public and private funding sources, other than the federal government, for high quality, affordable early care and education;

(I) to review and identify innovative funding mechanisms used to finance high quality, affordable early care and education in other states and countries;

(J) to explore possible various funding sources for equal access to voluntary, high quality, early care and education for all of Vermont children, ages birth through five;

(K) to determine the return on investment by assessing future cost savings to the State;

and

(L) to develop a specific plan and timeline for the implementation of these recommendations.

(5) Membership. The Commission shall consist of members to be selected as follows:

(A) two members of the Senate appointed by the Senate Committee on Committees, including one member of the Senate Committee on Finance and one member of either the Senate Committee on Education or on Health and Welfare;

(B) two members of the House of Representatives appointed by the Speaker of the House, including one member of the House Committee on Ways and Means and one member of either the House Committee on Education or on Human Services;

(C) the Secretary of Education or designee;

(D) the Secretary of Administration or designee;

(E) the Secretary of Human Services or designee;

(F) the following members appointed by the Governor:

(i) a representative from the Agency of Human Services' Child Development Division;

(a representative from higher education;

(iii) three representatives of the Vermont business community;

(iv) a representative of the financial services industry in the State;

(v) a representative of licensed and registered home-based early learning and development programs in the State;

(vi) a representative of licensed center-based early learning and development programs in the State;

(vii) a representative of Head Start;

(viii) a representative of the Parent Child Centers;

(ix) a representative of Early Educators United;

(x) two parents of children enrolled in an early care and education program in the State, one of whom is serving in the military;

(xi) a representative of a child advocacy group; and

(xii) a representative from the Building Bright Futures State Council.

(6) The Commission shall be appointed as soon as possible after this act takes effect. The panel shall elect a chair and a vice chair from among its members. The first meeting of the Commission shall be held on or before July 15, 2015. The Commission shall hold subsequent meetings at times and locations determined by the Commission.

(7) The Commission shall hold meetings across the State and actively seek input from a broad spectrum of stakeholders.

(8)(A) For attendance at meetings during adjournment of the General Assembly, legislative members of the Commission shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406.

(B) Other members of the Commission that are not State employees shall receive per diem compensation and reimbursement for expenses pursuant to 32 V.S.A. § 1010.

(9) The Commission shall have the administrative, technical, and legal assistance of the Secretary of Administration.

(10) The Commission is authorized to accept funding to offset costs related to this study.

(11) The Commission shall report on its findings to the Governor and to the Senate Committees on Education, on Finance, and on Health and Welfare and to the House Committees

on Education, on Human Services, and on Ways and Means on or before November 1, 2016.

Sec. E.318 Supplemental Child Care Grants

The Committee supports the Governor's proposed language enabling the Commissioner for Children and Families to reserve up to one-half of one percent of the Child Care Family Assistance Program funds for child care programs at risk of closing due to financial hardship. The Committee recommends that language be added to 33 V.S.A. § 3505 creating an annual report as to how grants are distributed and used, and the outcomes of those distributed funds.

The Committee's proposed language is provided below:

§ 3505. SUPPLEMENTAL CHILD CARE GRANTS

(a)(1) The Commissioner for Children and Families may reserve up to one-half of one percent of the child care programs that are at risk of closing due to financial hardship. The Commissioner shall develop guidelines for providing assistance and shall prioritize extraordinary financial relief to child care programs in areas of the State with high poverty and low access to high quality child care. If the Commissioner determines a child care program is at risk of closure because its operations are not fiscally sustainable, he or she may provide assistance to transition children served by the child care operator in an orderly fashion and to help secure other child care opportunities for children served by the program in an effort to minimize a disruption of services. The Commissioner has the authority to request tax returns and other financial documents to verify the financial hardship and ability to sustain operations.

(2) Annually on or before January 15, the Commissioner shall submit a report to the Senate Committee on Health and Welfare and to the House Committee on Human Services regarding any funds distributed pursuant to subdivision (1) of this subsection. Specifically, the report shall address how funds were distributed and used. It shall also address outcomes related to any distribution of funds.

(b) In instances in which extraordinary financial relief will not maintain ongoing access to high quality child care, the Department for Children and Families may provide additional support to ensure access to high-quality, comprehensive child care that meets the needs of working parents in high-poverty areas of Vermont. Licensed child care centers may be considered for this additional financial support to help ensure ongoing access to high-quality child care in areas of the State where none exists, as determined by the Commissioner. Financial assistance may be granted, at the discretion of the Commissioner, if the child care center meets the following criteria:

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Sec. E.318.1 Child Care Services Program; Waitlist

While the Committee is uncomfortable with the proposal in the Governor’s budget to potentially turn families away from accessing child care subsidies, it believes the proposed language pertaining to a waitlist for services is unnecessary. Rather the existing language in statute allowing the Department for Children and Families to provide services “to the extent that funds permit” achieves the purpose of limiting services to families where funds are not available.

Centralized Child Care Referral Services

The Committee supports the Department for Children and Families’ ongoing efforts to provide child care referral services at the local level rather than through the interstate 211 call line. As local providers have agreed to offer child care referral services for \$150,000.00 less than last year’s budget, the Committee hopes that the \$50,000.00 difference will be found as a result of further discussions between the organization and the Department.

Combining Reach Up Reports

There are currently two Reach Up reports required by statute in 33 V.S.A. § 1134. The Department for Children and Families proposes, and the Committee agrees, that these two reports could be combined and submitted as one consolidated report.

The Committee proposes the following language for combining these reports:

§ 1134. PROGRAM EVALUATION

(a) On or before January 31 of each year, the Commissioner shall design and implement procedures to evaluate, measure, and report to the Governor and the General Assembly the

Department's progress in ~~implementing Reach First, Reach Up, and Reach Ahead~~ and achieving the goals of the programs provided for in sections 1002, 1102, and 1202 of this title. The report shall include:

(1) the types of barriers facing Reach Up families seeking economic self-sufficiency, the number of families with each type of barrier, the frequency of occurrence of each type of barrier, and how support services and incentives assist in overcoming barriers;

(2) documentation of participant outcomes, including specific information relating to the number of persons employed, by occupation, industry, and wage; the types of subsidized and unsubsidized jobs secured by participants; any available information about outcomes for children who have participated in the programs, including objective indicators of improved conditions; the number of participating families involved in training programs; and whether the support services and incentives assist in keeping families employed;

(3) data about the Supplemental Nutrition Assistance Program participation of households who have left the programs during the last fiscal year, including the number of households, adults, and children participating in the Supplemental Nutrition Assistance Program three months after leaving the applicable program, broken down by reason for termination or leaving, and the Department's plan to identify and assist eligible households to apply for Supplemental Nutrition Assistance Program benefits;

(4) data about the enrollment of individuals who have left the programs during the last fiscal year in a Health Care Assistance Program, including the number of adults and children enrolled in a Health Care Assistance Program three months after leaving the applicable program, broken down by reason for termination or leaving, and the Department's plan to identify and assist eligible households to apply for health care assistance;

(5) a summary of all interim and final reports submitted by independent evaluation contractors to the Agency or the Department relating to the programs;

(6) a description of the work participation rates, including the method of calculating the caseload reduction credit, for the most recent federal fiscal year;

(7) a description of the current basic needs budget and housing allowance, the current maximum grant amounts, and the basic needs budget and housing allowance adjusted to reflect an annual cost-of-living increase; and

~~(8) a summary of the analysis done under subsection (b) of this section.~~

~~(b) On or before January 15, 2010 for the analysis of Reach First and on or before January 15, 2012 for the analysis of all programs, the Department shall analyze the effectiveness of the programs and shall consider the following indicators:~~

~~(1) for Reach First, the types of crises presented by applicants; the type and duration of case management necessary to respond to a crisis; and the impact of the services on the family, including the actual and perceived outcomes and material indicators of stability;~~

~~(2) for Reach Up, the type and duration of case management provided; and the impact of the services on the family; the family's achievement of the goals in the family development plan; the types of employment engaged in by families; the duration of employment; and actual and perceived outcomes and material indicators of stability and well being;~~

~~(3) for Reach Ahead, the types of employment engaged in by families; the duration of employment; the type and duration of services necessary to maintain employment; the duration of time the family received food assistance and services in the program; and the impact of the services on the family, including the actual and perceived well-being of the family and material indicators of well being; and~~

~~(4) whether the programs are effectively integrated and transitions between programs are simple, and the number of families who choose not to participate, and why.~~

~~(c) Beginning on or before January 15, 2008, and annually thereafter, the Commissioner shall report to the House Committees on Human Services and on Appropriations and Senate Committees on Health and Welfare and on Appropriations on families' long term receipt of financial assistance authorized by this chapter. Such reports shall include:~~

~~(1) the number of families receiving financial assistance in the most recent federal fiscal year that included an adult family member who has received TANF funded financial assistance, as an adult, 60 or more months in his or her lifetime;~~

~~(2) the average proportion of the monthly TANF funded caseload during the same fiscal year that such families represent;~~

~~(3) when such proportion exceeds 20 percent, the sufficiency of general funds appropriated to support financial assistance authorized by this chapter to fund financial assistance for those families in excess of 20 percent while, at the same time, providing financial assistance and services, supported solely by general funds, to other families as authorized by this chapter; and~~

~~(4) when appropriated general funds are insufficient to fund financial assistance for all such families, the modifications in policy, appropriated general funds, or combination thereof that the Commissioner recommends to support families receiving financial assistance under this chapter in their achievement of self sufficiency and to protect the children in these families.~~

a description of the families, during the last fiscal year, that included an adult family member receiving financial assistance for 60 or more months in his or her lifetime, including:

(A) the number of families and the types of barriers facing these families; and

(B) the number of families that became ineligible for the Reach Up program pursuant to subsection 1108(a) of this title, and the types of income and financial assistance received by those families that did not return to the Reach Up program within 90 days of becoming ineligible.

E.321 Housing Assistance Benefits; Flexibility Program

The Committee accepts the proposed language pertaining to the housing assistance program and does not have any comments for its amendment.

E.323 SSI Income in Determining Reach Up Grants

The proposal that \$125.00 of an individual's SSI income count toward his or her determination of eligibility for Reach Up grants reflects a change in policy that does not advance the Committee's goal of assisting Vermonters to move out of poverty. If an alternative source of funding cannot be found, the Committee supports the Department for Children and Families' continued efforts to determine whether Medicaid funds may be used to provide supportive housing.

LIHEAP

Though LIHEAP was not one of the provisions mentioned in the House Committee on Appropriations' original memorandum, the Committee felt compelled to look into the proposed changes to this program. Ultimately, the Committee accepts the budget pertaining to LIHEAP because it relies upon a transfer of funds rather than a change in eligibility requirements to address budget pressures.

Weatherization

While the Committee was asked only to address specific questions posed by the House Committee on Appropriations, it struggled deeply with many line items, one of which was the low-income weatherization program. The Committee would like to acknowledge the importance of this program and the long-term benefits it offers to Vermont families.

Developmental Services Waiver Reduction

The Committee proposes adding the following language to the budget pertaining to a reduction in the developmental disability services waiver:

If adequate caseload funds are not available to meet new needs in developmental services during the 2016 fiscal year, the welfare of existing consumers should be prioritized over

expanding services to new individuals. The Department of Disabilities, Aging, and Independent Living should establish a waitlist of people seeking services, triage criteria, and a methodology for people to come off the waitlist as funds become available to serve more people.

Choices for Care

The Committee supports existing language in the budget pertaining to Choices for Care. If savings are sought, \$200,000.00 could be found by notwithstanding the statutory rate increase for nursing homes.

Vermont Tobacco Evaluation and Review Board

The Committee does not support the policy change in the Governor's budget that limits the Vermont Tobacco Evaluation and Review Board's independence. The General Assembly intentionally developed the Board to act as an independent entity and this change defeats that purpose. Therefore, the Committee recommends that existing language regarding the Board be maintained. The Board testified that it could absorb the proposed budget cut and maintain its structure. .

Division of Alcohol and Drug Abuse Programs

The Department of Health's Division of Alcohol and Drug Abuse Programs' budget does not reflect a change in policy. It is the understanding of both the Committee and substance abuse service providers that if there continues to be a need for services above that for which funds are appropriated, it will be addressed next January by the budget adjustment act.

Department of Mental Health

As above, the Department of Mental Health's proposed budget does not reflect a change in policy, and as such the Committee defers to the judgment of the House Committee on Appropriations.

Health Care and Rehabilitation Services of Vermont

The exorbitant retirement payout offered to the retiring executive director of Health Care and Rehabilitation Services of Vermont has shaken the credibility of how State funds are utilized. The ramifications of dispensing such a sizeable retirement benefit in addition to a salary already exceeding that of our Governor raises questions about future funding and expenditures. As a result, the Committee believes it is important to have greater scrutiny and oversight of the expenditures of the designated agencies.