

## Memorandum

**To:** House Appropriations Committee  
**From:** Ken Schatz, DCF Commissioner   
**Re:** S.40 – Income Guidelines for Child Care  
**Date:** April 18, 2018

Please see below for proposed income guideline changes to address the increase in minimum wage as it relates to child care. Please contact me with any questions, [ken.schatz@vermont.gov](mailto:ken.schatz@vermont.gov).

### Income Guideline Changes for Proposed Minimum Wage Increase:

#### Option One:

Change income guidelines twice, once July 2018 to adjust for the minimum wage being \$10.50, and again in January 2019 to adjust for the minimum wage to go to \$11.10.

Cost: \$738,511.54

#### Option Two:

Make the changes for July 2018 to change the guidelines to hold the \$11.10 minimum wage harmless.

Cost: \$904,123.98

#### Assumptions:

- Looked at what families would have received in CCFAP on \$10 an hour and 40 hours per week, 4.33 weeks per month.
- Assumed a one working parent household at minimum wage would need to fall in the same place on the income scale before and after the minimum wage change
- Assumed a two-parent household with both parents making minimum wage would need to fall in the same place on the income scale before and after the minimum wage change
- Families at \$10 an hour using the 2016 and the 2017 income guidelines and there was no change in where they would have fallen on the income scale, so proceeded using the 2017 income guidelines.
- Assumed that the guidelines should address the move that happened in January 2018 from \$10 to \$10.50, by keeping families at the % they were at if at \$10, and maintain it at \$10.50



- Assumed the guidelines should address the proposed move from \$10.50 to \$11.10 in January 2019, looked at maintaining again the % they were at \$10.00 an hour.
- Where the family at minimum wage fell in the current guidelines:
  - One parent income household:
    - Family Size of 3 – 99%
    - Family Size of 4 – 100%
    - Family Size of 5 – 100%
    - Family Size of 6 – 100%
  - Two parent income household:
    - Family Size of 3 – 100%
    - Family Size of 4 – 40%
    - Family Size of 5 – 65%
    - Family Size of 6 – 80%
- Assumed for July 2018 – Moved the bottom of the scale to 2018 Federal Poverty Level (15% at 200% FPL, and 10% at 300% FPL)
- Assumed for January 2019 – Moved to the bottom of the scale to the projected 2019 Federal Poverty Level (FPL). Projected that the increase would be the same as the one from 2017 to 2018 (2% increase)
- Any family that was already at 100% of CC FAP was kept at 100%
- Family size of 1, 2, or 3 that are at 99% up to income level of 1819 were kept at 99% or changed to 99%. This accounts for individuals with this family size that are currently at minimum wage and will have their income changed.
- School age children attend the schedules approved as of October 2017 for school year (42 weeks), and full time in the summer (10 weeks)

