

Memorandum

To: Senate Appropriations Committee
From: Ken Schatz
Date: March 9, 2017
Subject: Responses - Child Development Division

Enclosed please find the additional information you requested at our budget presentation on February 23rd, regarding the Child Care Financial Assistance Program (CCFAP). I have provided both the questions that were asked and the answers to those questions for your review. If you have further questions about this material or need additional information, please contact Judith.Rex@vermont.gov and she will assist you. Many of the questions listed below reference the DCF Outcomes booklet which can be found on the DCF website here: <http://dcf.vermont.gov/sites/dcf/files/DCF/budget/DCF-Outcomes.pdf>

- 1. On page 10 & 11 of Outcomes Booklet: The number of licensed child care providers is holding steady, but the number of registered child care providers is going down – What is the reason for the decline and is it related to the new regulations?**

The chart shows that the slow decline in the number of registered Family Child Care Homes has been a consistent trend in Vermont over the past five years. The number of registered providers has declined at an average of 5% each year. This trend precedes the new regulations. This same trend has been seen across the United States with a national decline of close to 30% for child care home providers over the same period. In comparison, Vermont is retaining more Family Child Care providers than most other states. Many experts in the field believe it is the poor economy and the challenge of low wages and income in the child care industry that is the real root of the decline in providers.

We generally track child care provider data annually. To look at impacts of implementing new child care regulations, we did a 6-month check-in in September 2016 including looking closely at reasons for closure.

Between 5/31/2016 and 11/30/2016:

Licensed providers:

49 licensed providers closed and 47 licensed providers opened in Vermont. The supply of licensed providers, mostly centers and preschools, has grown over the





last five years and has remained mostly constant for the past two years. Many of the licensed programs that closed were either purchased and reopened, or moved to new locations. Net capacity in terms of enrollment slots has increased slightly.

Registered providers:

91 registered homes closed and 40 registered homes opened in Vermont.

The reasons for closure varied widely: 8 did not have enough children enrolled to earn an income; 6 closed voluntarily or were suspended due to non-compliance with previous regulations; 4 went onto other more traditional jobs; 3 moved and are reapplying once they settle into new homes; 3 retired; 2 moved out of state; and 1 provider cited new regulations as a factor in her decision to close. Approximately 40 did not report a reason. The net loss of 50 registered homes is consistent with the decline in past years.

CDD has worked hard to implement the new regulations in partnership with providers and we view this year as a period of transition and learning. Licensing staff have been training for consistency on the new regulations. They have provided training and technical assistance to providers. Providers have volunteered to do mock visits with the new regulations. This spring we will be releasing Guidance Manuals that were developed with a group of stakeholders that included providers. These manuals are intended to support clarity and consistent interpretation of the regulations. We are confident the new regulations will support the health, safety, and well-being of children in out-of-home care in Vermont and will help strengthen and improve the early care and learning system for all children and families.

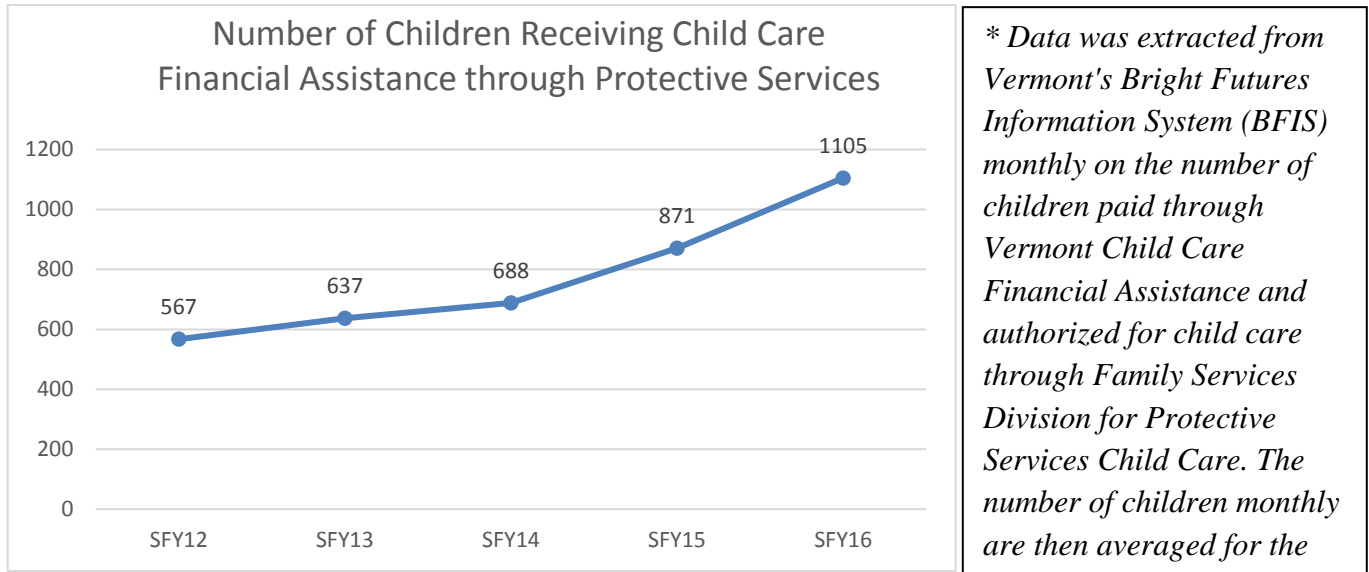
2. On page 9 of Outcomes Booklet: The average number of children receiving child care financial assistance has been increasing over the years, but the number of children in VT is declining – Why?

The CCFAP was restructured in January 2010 to provide more consistent and effective support for Vermont's working families. Increased state and federal investment at that time resulted in an increase of close to 500 children (from SFY10 – SFY11) in the average annual base of children receiving CCFAP benefits. The average number of children served by the program has stayed fairly constant since then, rising slightly in some years and falling in others. There was a significant net increase in SFY15 due to an increase in young children in protective services with child care needs. See chart provided in the next question.

CCFAP benefits a relatively small percentage of children in Vermont – less than a third of children in regulated care. Families accessing these benefits are mostly very low income - 75 percent of participating families have income below 133 percent of the Federal Poverty Level (approximately \$25,000 annual income for a family of 3 or less). The number of children in poverty in Vermont has not declined significantly.



3. Can you provide the committee with data on Protective Service Childcare – are those numbers increasing? Can we show a five-year trend?



Number of Children Receiving Child Care Financial Assistance through Protective Services	
State Fiscal Year	Average Number of Children
SFY12	567
SFY13	637
SFY14	688
SFY15	871
SFY16	1105

4. For child care programs participating in STARS, can we break out programs from rural vs. urban communities and wealthy vs. poor communities? Do we know the payer mix of subsidized vs. private pay children in child care centers? Do we know the mix of children by age at child care centers?

Attached is a spreadsheet showing all regulated programs in Vermont (centers and family child care homes) by STAR level and town. Programs with 3-5 STARS are distributed across the state. The spreadsheet format allows you to sort data by communities. If you would prefer a more detailed analysis, we would need to know the parameters and be provided more time to do the mapping.

The data shows an average of 42.6 percent of all 3-5 STAR programs have CCFAP beneficiaries making up at least 25 percent of their enrollment capacity.



The tiered rates in CCFAP incentivize and support programs serving low-income children in order to improve quality and make access to quality more affordable for low-income families.

Percentage of Private Center Based Child Care Programs with 25% or more Enrollment of Children with CCFAP Benefit							
	1 Star	2 Star	3 Star	4 Star	5 Star	No STARS	Grand Total
Private Center Based Programs	11	13	55	100	117	71	367
Providers with 25% or more of enrollment capacity in CCFAP	6	3	16	53	47	12	137
Percentage of programs with 25% or more enrollment in CCFAP	55%	23%	29%	53%	40%	17%	37%

** Data is extracted from Bright Futures Information System (BFIS). It represents the total number of Center Based Child Care and Preschool Programs that charge (excluding non-recurring programs and public preschools) as of 1/31/2017. The subsidized enrollment was determined by the average subsidized children enrolled for SFY16 by provider, it was then compared to the total desired capacity of the program as reported on the 1/31/2017 provider referral extract.*

This data shows the age distribution for children in CCFAP in all types of regulated care (centers and homes) by STAR level. CCFAP beneficiaries represent approximately 31 percent of all enrollments in regulated care in Vermont.

- 39% of all 3-5 STAR infant slots are occupied by CCFAP children
- 30% of all 3-5 STAR toddler slots are occupied by CCFAP children
- 22% of all 3-5 STAR preschool slots are occupied by CCFAP children
- 24% of all 3-5 STAR school age slots are occupied by CCFAP children

The chart below shows the relative enrollment of CCFAP children by age group:



Child Care Financial Assistance Utilization by Age			
	In all other care (0-2 stars)	In high quality care (3-5 stars)	Total
Infants			
CCFAP Average Enrollment	578	723	1,301
Child Care Program Capacity	1,448	1,852	3,300
Percentage of CCFAP Utilization of Child Care Capacity (spaces)	40%	39%	39%
Toddlers			
CCFAP Average Enrollment	458	631	1,089
Child Care Program Capacity	1,482	2,086	3,568
Percentage of CCFAP Utilization of Child Care Capacity (spaces)	31%	30%	31%
Preschool			
CCFAP Average Enrollment	1,182	2,078	3,260
Child Care Program Capacity	2,664	9,302	11,966
Percentage of CCFAP Utilization of Child Care Capacity (spaces)	44%	22%	27%
School Age			
CCFAP Average Enrollment	1,360	1,411	2,771
Child Care Program Capacity	7,201	5,865	13,066
Percentage of CCFAP Utilization of Child Care Capacity (spaces)	19%	24%	21%

** Data extracted from Bright Futures Information System (BFIS). Data on Child Care Financial Assistance represents the average attendance of children, and determined by monthly attendance extract and averaged for state fiscal year 2016. The child care program capacity is the desired capacity of child care programs as of 1/31/2017 extracted with the provider referral extract.*

