

Child Care Financial Assistance (CCFAP) Proposed Redesign 5 year plan



Spring 2020

State and Federal CCFAP Program Goals

Improving access to affordable, high quality early care and afterschool programs

Two generation impacts:

- **Strengthen families:** Helping eligible families pay for child care supports participation in the workforce, increased education and training, and financial stability.
- **Optimal child development:** Access to high quality early care and learning and afterschool programs advances children's healthy development and success in learning and life.

CCFAP Today: Eligibility

- The Child Care Financial Assistance Program helps eligible families with the cost of child care. Payments are made directly to child care providers on behalf of the family.
- To be eligible a family must have a reason for child care services, meet the income guidelines, live in Vermont, and the child must be a legal resident of the US.
- Based on income and family size families are determined eligible to have a percentage of established provider rate paid directly to their child care provider. For example a family of three with a monthly income of \$2050 is eligible for 96% of the state's provider rate.

CCFAP Today: Provider Rates

- Provider rates are set based on a Market Rate Survey conducted every two years. The rate for a 4 star program is set at the 75th percentile of the Market Rate Survey (MRS).
- The provider rates include an additional amount based on the STARS achievement of the provider. The rate paid on behalf of families to providers that have achieved 4 STARS is 30% higher than the base rate.
- The amount the parent is responsible for is the difference between the provider's rate and the Child Care Financial Assistance Rate. This amount is determined for each child individually.

CCFAP Today: Challenges with the program

- Underutilization of CCFAP tied to low payment rates
- Federal compliance on equal access & co-payment assignment

What is Stimulating Change?

- Many champions for change
- Recommendations for reform
 - Blue Ribbon Commission → Building Vermont's Children from the Ground Up → Think Tank
- Governor's priorities

Critical Strategies in a 5 Year Plan

- **Make immediate investments in CCFAP**
- **Redesign the CCFAP**
- **Modernize the Bright Futures Information System (BFIS).**



SFY22 CCFAP Redesign

- **Flat family co-payment, based on family size and income.**
 - Stop using benefit level based on percent of the state rate.
 - Family co-payment assessed at the youngest child first – no additional amount for more children.
- **Pay the provider's reported rate**
 - after the co-payment is assessed,
 - up to a capped rate or the provider's rate whichever is lower.
- **Maintain a tiered quality rate structure**
 - using current Market Rate Survey (MRS),
 - Vermont STARS assessed quality

5 Year Plan: Time and Money based on the 2017 Market Rate Survey

	CCFAP Investments	Increased Investment for Year	Cumulative Increase to SFY19 Base
Y1: SFY20	Increase benefits PS & SA Rates to 2014 MRS	\$5,800,000	\$5,800,000
Y2: SFY21	Increase PS & SA rates to 2015 MRS	\$1,440,000	\$7,240,000
Y3: SFY22	Proposed implementation of CCFAP Redesign: September 30, 2021	\$2,600,000	\$9,840,000
Y4: SFY23	Additional children access CCFAP	\$2,000,000	\$11,840,000
Y5:SFY24	Additional families access CCFAP	\$4,000,000	\$15,840,000

* Annual update to Federal Poverty Level is not included.

Redesign Estimate Assumptions

- In the first year that CCFAP redesign is implemented for part of the year (FY2022), estimate that approximately **200 more children** will enroll and receive benefits.



- In FY2023 and FY2024, 2 full years of CCFAP Redesign, estimate **500 additional families in total** with an average of 2 children will enroll and receive benefits.

SFY22 CCFAP Proposed Income Guidelines

Family Size	Monthly Countable Income									
	150 FPL%	175% FPL	200% FPL	225% FPL	250% FPL	275% FPL	300% FPL	325% FPL	350% FPL	
3	\$2,666	\$3,111	\$3,555	\$3,999	\$4,444	\$4,888	\$5,333	\$5,777	\$6,221	
4	\$3,219	\$3,755	\$4,292	\$4,828	\$5,365	\$5,901	\$6,438	\$6,974	\$7,510	
5	\$3,771	\$4,400	\$5,028	\$5,657	\$6,285	\$6,914	\$7,543	\$8,171	\$8,800	
6	\$4,324	\$5,044	\$5,765	\$6,486	\$7,206	\$7,927	\$8,648	\$9,368	\$10,089	
Family Weekly Co-payment	\$ -	\$ 25	\$ 50	\$ 75	\$ 100	\$ 125	\$ 150	\$ 175	\$ 200	
Monthly copayment example	\$ -	\$108.25	\$216.50	\$ 324.75	\$433.00	\$541.25	\$649.50	\$757.75	\$866.00	

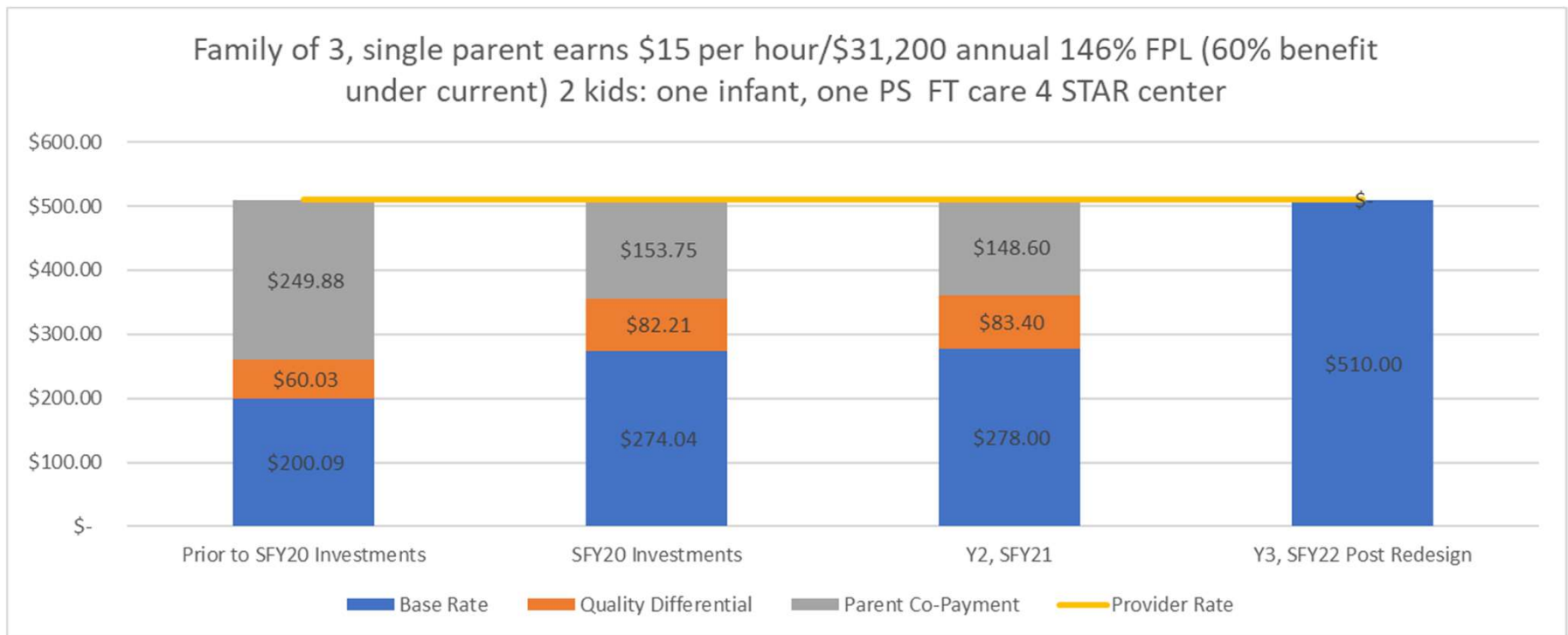


CCFAP Rate Caps – Proposed Full Time Rates (aligned with 2017 Market Rate Survey (MRS))

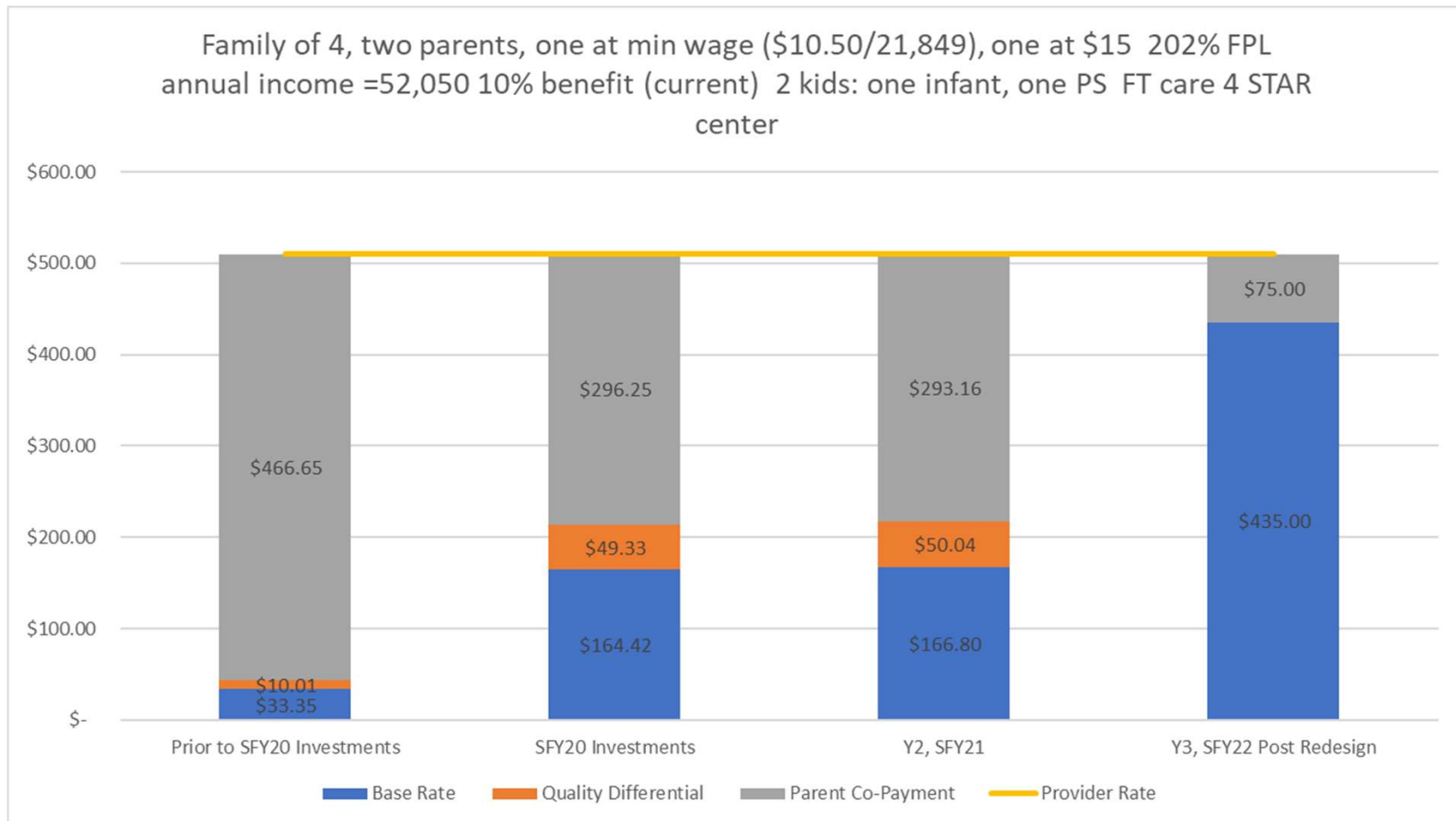
Licensed Center	Base Rate	1 STAR	2 STARS	3 STARS	4 STARS	5 STARS
Infant	\$ 230.00	\$ 235.30	\$ 243.00	\$ 255.00	\$ 269.40	\$ 283.50
Toddler	\$ 225.00	\$ 230.70	\$ 236.65	\$ 246.56	\$ 260.00	\$ 280.00
Preschool	\$ 210.00	\$ 215.00	\$ 221.53	\$ 238.10	\$ 253.80	\$ 300.00
School age	\$ 175.00	\$ 180.00	\$ 190.00	\$ 200.00	\$ 212.50	\$ 247.58

Registered	Base Rate	1 STAR	2 STARS	3 STARS	4 STARS	5 STARS
Infant	\$ 160.00	\$ 162.50	\$ 170.00	\$ 175.00	\$ 191.00	\$ 200.00
Toddler	\$ 145.00	\$ 150.00	\$ 155.00	\$ 173.50	\$ 180.00	\$ 200.00
Preschool	\$ 145.00	\$ 150.00	\$ 155.00	\$ 170.00	\$ 179.00	\$ 200.00
School age	\$ 140.00	\$ 150.00	\$ 155.00	\$ 165.00	\$ 175.00	\$ 200.00
	50th Percentile	55th Percentile	60th Percentile	70th Percentile	80th Percentile	90th Percentile

Family One Moving Through Changes



Family Two Moving Through Changes



Impacts on Families:

- Families that are already at 100% CCFAP will have little to no impact.
- The majority of CCFAP eligible families will have a positive impact, paying less out of pocket.
- Families that have higher incomes may have an assigned co-payment that is higher than the provider's rate.

Other System Impacts

- Upgrade of data system
 - Estimated one-time development costs
 - Estimated annual on-going costs
- Anticipated increase in caseload in FY2023 (July 2022 – June 2023)
- Additional funds for eligibility determination agencies to support increased caseload
- Current investment estimates are the minimum required.
 - Market Rate Survey to be conducted: Fall 2019, Fall 2021
 - Caseload increase is difficult to predict
 - Annual adjustment to current Federal Poverty Level (FPL)