Child Care Financial Assistance (CC FAP) Proposed Redesign 5 year plan
State and Federal 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.
CC FAP Today

• The Child Care Financial Assistance Program helps eligible families pay for 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 90% of the state’s provider rate.
CC FAP Today: Provider Rates

- Provider rates are aligned with a Market Rate Survey. Market Rate Surveys are conducted every two years. The rate for a 4 STAR program is set at the 75th percentile of the Market Rate Survey.

- 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.
What is Stimulating Change?

• Underutilization of CC FAP
• Federal compliance on affordable access
• Many champions for change
• Recommendations for reform
  Blue Ribbon Commission → Building Vermont’s Children from the Ground Up → Think Tank
• Governors priorities
• Opportunities to leverage new investments.
A Tale of Three Families: Current Reality
Critical Strategies in a 5 Year Plan

- Make immediate investments in CC FAP

- Redesign the CC FAP

- Invest in a stable, qualified child care work force through scholarships and assistance in paying back college loans.

- Modernize the Bright Futures Information System (BFIS).
# 5 Year Plan: Time and Money

<table>
<thead>
<tr>
<th>Year</th>
<th>CC FAP Investments</th>
<th>WF Investments</th>
<th>Total Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y1: SFY20</td>
<td>Increase benefits PS &amp; SA Rates to 2014 MRS</td>
<td>TEACH $636,000 Loans: $500,000</td>
<td>$6,900,000</td>
</tr>
<tr>
<td>Y2: SFY21</td>
<td>Increase PS &amp; SA rates to 2015 MRS $6,969,000</td>
<td>TEACH: $500,000 Loans: $500,000</td>
<td>$7,964,000</td>
</tr>
<tr>
<td>Y3: SFY22</td>
<td>Q1: $1,741,000 Q2-4: $7,300,000</td>
<td>TEACH: $250,000 Loan: $500,000</td>
<td>$9,791,000</td>
</tr>
<tr>
<td>Proposed implementation of CCFAP Redesign: September 30, 2021</td>
<td></td>
<td></td>
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<tr>
<td>Y4: SFY23</td>
<td>Additional families access CCFAP $12,000,000</td>
<td>TEACH: $250,000</td>
<td>$9,791,000</td>
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<tr>
<td>Y5:SFY24</td>
<td>Additional families access CCFAP $16,000,000</td>
<td>TEACH: $250,000</td>
<td>$16,250,000</td>
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A Tale of Three Families: Y1, SFY20

Year Two

<table>
<thead>
<tr>
<th>Family Type</th>
<th>Base Rate</th>
<th>Quality Differential</th>
<th>Parent Co-Payment</th>
<th>Provider Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family of Three - Parent Receiving Reach Up</td>
<td>355.29</td>
<td>106.59</td>
<td>48.12</td>
<td></td>
</tr>
<tr>
<td>Family of 3, Single Parent earning $15/hour</td>
<td>266.47</td>
<td>79.94</td>
<td>163.59</td>
<td></td>
</tr>
<tr>
<td>Family of 4, two parents</td>
<td>159.88</td>
<td>47.97</td>
<td>302.15</td>
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</table>
A Tale of Three Families: Y2, SFY21

Year Two

<table>
<thead>
<tr>
<th>Family of Three - Parent Receiving Reach Up</th>
<th>Family of 3, Single Parent earning $15/hour</th>
<th>Family of 4, two parents</th>
</tr>
</thead>
<tbody>
<tr>
<td>48.12</td>
<td>163.59</td>
<td>302.15</td>
</tr>
<tr>
<td>106.59</td>
<td>79.94</td>
<td>47.97</td>
</tr>
<tr>
<td>355.29</td>
<td>266.47</td>
<td>159.88</td>
</tr>
</tbody>
</table>

Legend:
- Blue: Base Rate
- Orange: Quality Differential
- Gray: Parent Co-Payment
- Yellow: Provider Rate
How We Got Where We Landed

• Researched into other states sliding fee scales and family contributions - what creates federal compliance and conforms to Vermont priorities?
• Modeled different income standards, including federal poverty levels, state median income, and livable wage.
• Considered:
  • History and goals of CC FAP
  • Supporting developmentally beneficial program quality
  • Reducing unaffordable co-payments
  • Program expansion to help more families
  • A stable, predictable, streamlined program for families and providers
CC FAP Change Proposal

• Set a flat co-payment amount for a family, based on family size and income
• Family co-payment assessed at the youngest child first – no additional amount for more than one child.
• Stop using a benefit level based on a percent of the state rate.
• Pay the provider’s reported rate based on age of child and schedule after the co-payment is assessed, up to a capped rate.
• Maintain a tiered rate structure based on program quality using Vermont STARS assessed quality and current MRS
Proposed Income Guidelines

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Monthly Countable Income</th>
<th>Co-payment</th>
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<tbody>
<tr>
<td></td>
<td>150 FPL%</td>
<td>3 $</td>
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<tr>
<td></td>
<td>175% FPL</td>
<td>3,030 $</td>
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<tr>
<td></td>
<td>200% FPL</td>
<td>3,463 $</td>
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<tr>
<td></td>
<td>225% FPL</td>
<td>3,896 $</td>
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<tr>
<td></td>
<td>250% FPL</td>
<td>4,329 $</td>
</tr>
<tr>
<td></td>
<td>275% FPL</td>
<td>4,762 $</td>
</tr>
<tr>
<td></td>
<td>300% FPL</td>
<td>5,195 $</td>
</tr>
<tr>
<td></td>
<td>325% FPL</td>
<td>5,628 $</td>
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<tr>
<td></td>
<td>350% FPL</td>
<td>6,061 $</td>
</tr>
<tr>
<td>3</td>
<td>2,598 $</td>
<td>- $</td>
</tr>
<tr>
<td>4</td>
<td>3,138 $</td>
<td>25 $</td>
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<td>5</td>
<td>3,678 $</td>
<td>50 $</td>
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<td>6</td>
<td>4,218 $</td>
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</tr>
<tr>
<td></td>
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<td>175 $</td>
</tr>
<tr>
<td></td>
<td></td>
<td>200 $</td>
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</table>
## Affordable Co-payments for Families

<table>
<thead>
<tr>
<th>Weekly Co-payment</th>
<th>Monthly Co-payment</th>
<th>Number of Families</th>
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<tbody>
<tr>
<td>$0</td>
<td>$0</td>
<td>4853</td>
</tr>
<tr>
<td>$25</td>
<td>$107.50</td>
<td>407</td>
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<tr>
<td>$50</td>
<td>$215.00</td>
<td>207</td>
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<tr>
<td>$75</td>
<td>$322.50</td>
<td>117</td>
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<tr>
<td>$100</td>
<td>$430.00</td>
<td>78</td>
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<tr>
<td>$125</td>
<td>$537.50</td>
<td>59</td>
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<tr>
<td>$150</td>
<td>$645.00</td>
<td>39</td>
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# CC FAP Rate Caps
(aligned with 2017 MRS)

<table>
<thead>
<tr>
<th>Proposed</th>
<th>50th Percentile</th>
<th>55th Percentile</th>
<th>60th Percentile</th>
<th>70th Percentile</th>
<th>80th Percentile</th>
<th>90th Percentile</th>
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</thead>
<tbody>
<tr>
<td>Licensed Center</td>
<td>Base Rate</td>
<td>1 STAR</td>
<td>2 STARS</td>
<td>3 STARS</td>
<td>4 STARS</td>
<td>5 STARS</td>
</tr>
<tr>
<td>Infant</td>
<td>$ 230.00</td>
<td>$ 235.30</td>
<td>$ 243.00</td>
<td>$ 255.00</td>
<td>$ 269.40</td>
<td>$ 283.50</td>
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<tr>
<td>Toddler</td>
<td>$ 225.00</td>
<td>$ 230.70</td>
<td>$ 236.65</td>
<td>$ 246.56</td>
<td>$ 260.00</td>
<td>$ 280.00</td>
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<tr>
<td>Preschool</td>
<td>$ 210.00</td>
<td>$ 215.00</td>
<td>$ 221.53</td>
<td>$ 238.10</td>
<td>$ 253.80</td>
<td>$ 300.00</td>
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<tr>
<td>School age</td>
<td>$ 175.00</td>
<td>$ 180.00</td>
<td>$ 190.00</td>
<td>$ 200.00</td>
<td>$ 212.50</td>
<td>$ 247.58</td>
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<tr>
<td>Registered</td>
<td>Base Rate</td>
<td>1 STAR</td>
<td>2 STARS</td>
<td>3 STARS</td>
<td>4 STARS</td>
<td>5 STARS</td>
</tr>
<tr>
<td>Infant</td>
<td>$ 160.00</td>
<td>$ 162.50</td>
<td>$ 170.00</td>
<td>$ 175.00</td>
<td>$ 191.00</td>
<td>$ 200.00</td>
</tr>
<tr>
<td>Toddler</td>
<td>$ 145.00</td>
<td>$ 150.00</td>
<td>$ 155.00</td>
<td>$ 173.50</td>
<td>$ 180.00</td>
<td>$ 200.00</td>
</tr>
<tr>
<td>Preschool</td>
<td>$ 145.00</td>
<td>$ 150.00</td>
<td>$ 155.00</td>
<td>$ 170.00</td>
<td>$ 179.00</td>
<td>$ 200.00</td>
</tr>
<tr>
<td>School age</td>
<td>$ 140.00</td>
<td>$ 150.00</td>
<td>$ 155.00</td>
<td>$ 165.00</td>
<td>$ 175.00</td>
<td>$ 200.00</td>
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</tbody>
</table>
A Tale of Three Families: Y3, SFY21, Post Redesign

Year Three

- Family of Three - Parent Receiving Reach Up: $510.00
- Family of 3, Single Parent earning $15/hour: $485.00
- Family of 4, two parents: $435.00

Legend:
- Parent Co-Payment
- CCFAP Payment
- Provider Rate
Family One: Family of three at 100% FPL (single parent on Reach Up) 2 kids: one infant, one PS FT care 4 STAR center
Family Two: Family of 3, single parent earns $15 per hour/$31,200 annual 146% FPL (60% benefit under current) 2 kids: one infant, one PS  FT care 4 STAR center
Family Three: Family of 4, two parents, one at min wage ($10.50/21,849), one at $15 202% FPL annual income =52,050 10% benefit (current) 2 kids: one infant, one PS FT care 4 STAR center

<table>
<thead>
<tr>
<th></th>
<th>Infant</th>
<th>Preschooler</th>
<th>Infant</th>
<th>Preschooler</th>
<th>Infant</th>
<th>Preschooler</th>
<th>Infant</th>
<th>Preschooler</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>$234.00</td>
<td>$232.65</td>
<td>$27.00</td>
<td>$22.33</td>
<td>$90.00</td>
<td>$74.42</td>
<td>$90.00</td>
<td>$76.80</td>
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<tr>
<td>Year One</td>
<td>$143.00</td>
<td>$153.25</td>
<td>$143.00</td>
<td>$150.15</td>
<td>$143.00</td>
<td>$150.15</td>
<td>$143.00</td>
<td>$150.15</td>
</tr>
<tr>
<td>Year Two</td>
<td>$75.00</td>
<td>$85.00</td>
<td>$75.00</td>
<td>$85.00</td>
<td>$75.00</td>
<td>$85.00</td>
<td>$75.00</td>
<td>$85.00</td>
</tr>
<tr>
<td>Year Three</td>
<td>$250.00</td>
<td>$250.00</td>
<td>$250.00</td>
<td>$250.00</td>
<td>$250.00</td>
<td>$250.00</td>
<td>$250.00</td>
<td>$250.00</td>
</tr>
</tbody>
</table>

- **Base Rate**
- **Quality Differential**
- **Parent Co-Payment**
- **Provider Rate**
Redesign Estimate Assumptions

• In the first year that CC FAP 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 CC FAP Redesign, estimate that 500 additional families with an average of 2 children will enroll and receive benefits.
Other Proposal Costs

• Approximately $3.1 million in one-time funds between FY20 and FY22 to modernize the Bright Futures Information System (BFIS) to support the CC FAP Redesign. The updated system will include a parent portal to provide families with real-time information on their benefits and child care enrollments.

• Approximately $500,000 additional dollars beginning FY22 to support increased caseloads and accurate and timely eligibility determinations in Community Child Care Support Agencies.

• The Child Development Division will request one additional Help Desk Specialist beginning FY22 to support the increased volume of end-users (both families and CC providers).
Reeva Murphy,
Deputy Commissioner
House Human Services Committee: March 1, 2019

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