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Agency of Human Services

Memorandum

To: Senate Committee on Health and Welfare
From: Reeva Murphy, Deputy Commissioner, Child Development Division
Re: H.531
Date: April 23, 2019

This memo is intended to provide responses in response to questions that were asked of DCF regarding H.531 last week. I will cover these topics during my testimony over the phone and am happy to answer any questions that I can.

What are your priorities?

The Administration supports H.531 as passed by the House. Priorities for the administration, and for DCF and AHS, are to make immediate investments in the Child Care Financial Assistance Program (CC FAP) to reduce the cost sharing burden on Vermont families. We believe that addressing changes to both the sliding fee scale for eligibility and updating rates for preschoolers and school age children is important to make a real impact for families participating in CC FAP. Equally important for the long term, we prioritize a redesign of the CC FAP by 2021 to further reduce that cost sharing burden, come into compliance with federal rules, and increase access to affordable child care for Vermont families. An investment in modernizing the IT system that supports child care and early learning – the Bright Futures Information System (BFIS) is critical to successful redesign. H.531 advances these priorities.

Additionally, H.531 makes investments in a stable, qualified child care work force through scholarships and assistance in paying back college loans. This will attract and retain qualified staff to current as well as new and expanding programs, increasing the availability of child care programs in Vermont. We support this, particularly the investment in scholarships.

Child Care Financial Assistance Program

Can we reduce the funds appropriated for immediate investments in CC FAP to \$2.9, \$3.9 or \$4.9M in SFY20?

We have provided alternative proposals as requested by the Joint Fiscal Office (see estimates in separate document). The estimate for immediate investments in H.531 restores \$1.2 million reduced in the administration's SFY20 proposal due to underutilization in CC FAP – the estimates assumed the restoration of that funding as well. The Governor's original proposal was to increase rates to the 2014

Market Rate Survey (MRS). H.531 proposed to increase rates to the 2015 MRS. The CC FAP cost in H.531 is \$6.9 million. We would support the administration's original proposal which would reduce cost to \$5.7 million.

It is possible to invest less and we have modeled what could be achieved at each of those amounts. These reductions would mean less assistance to families than H.531 and the administration proposes. We believe this will then have less significant impact on the status quo of cost sharing that limits access to affordable child care for Vermont families.

Can you detail the costs of coming into federal compliance?

Coming into federal compliance relies on achieving the CC FAP redesign proposed for October 2021. If we change nothing this year but just started on redesign for implementation in 2021, the cost would be approximately \$7.3 M in SFY22 for 3 quarters post implementation which increases to \$12.M in SFY 23 for a full year of CC FAP – this assumes we implemented redesign as proposed with 2017 market rates. Modernization of BFIS , which is essential to achieve redesign is estimated at an additional cost of approximately \$3M over the next 2 years.

Can CCFAP be targeted? Can higher benefits go to certain parts of the state for instance?

No, it's a state plan – we can't use federal and state funds in CCFAP to serve only one locality. A locality could choose to augment the program as Burlington is doing but the program is statewide.

What is the current CCFAP amount?

The original base for CC FAP in SFY19 and SFY20 was \$49,781,173. This included rate increases for child care provided to infants and toddlers participating in CC FAP supported by an increase in federal funds. Full utilization up to our original projections was slower than anticipated in SFY19. The administration's proposed budget for SFY20 adjusted the base to \$48,531,173.

Right now, In SFY19, we are trending at approximately \$48.2M – not as high as that original projection in the base but a little higher than we anticipated when we proposed \$2.5 M in reductions in the SFY19 BAA which the legislature did not accept in the final SFY19 as recently passed.

Loan Repayment/Tuition Reimbursement:

How is this handled?

As proposed in H.531 as passed, this would be a new program that we would develop and administer. In our internal discussions on managing this, we expect that there would be an announcement and an application process. Applicants would have to verify their loan amounts and annual payments and we would prorate them using a formula and figure out how much the program could support for each person.

Are there any differences for people working in Center-based or Family-based care?

There are not.