

H. 531 & Child Care Financial Assistance (CC FAP) Proposed Redesign



April 9, 2019

Legislative Intent

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

- Enhance the capacity and affordability of the child care and early learning system
- Support the retention, growth and professional development of the child care and early learning workforce
- Compliment the proposed redesign of the CC FAP

CC FAP Today

- 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 90% of the state's provider rate.

CC FAP Today: Provider Rates

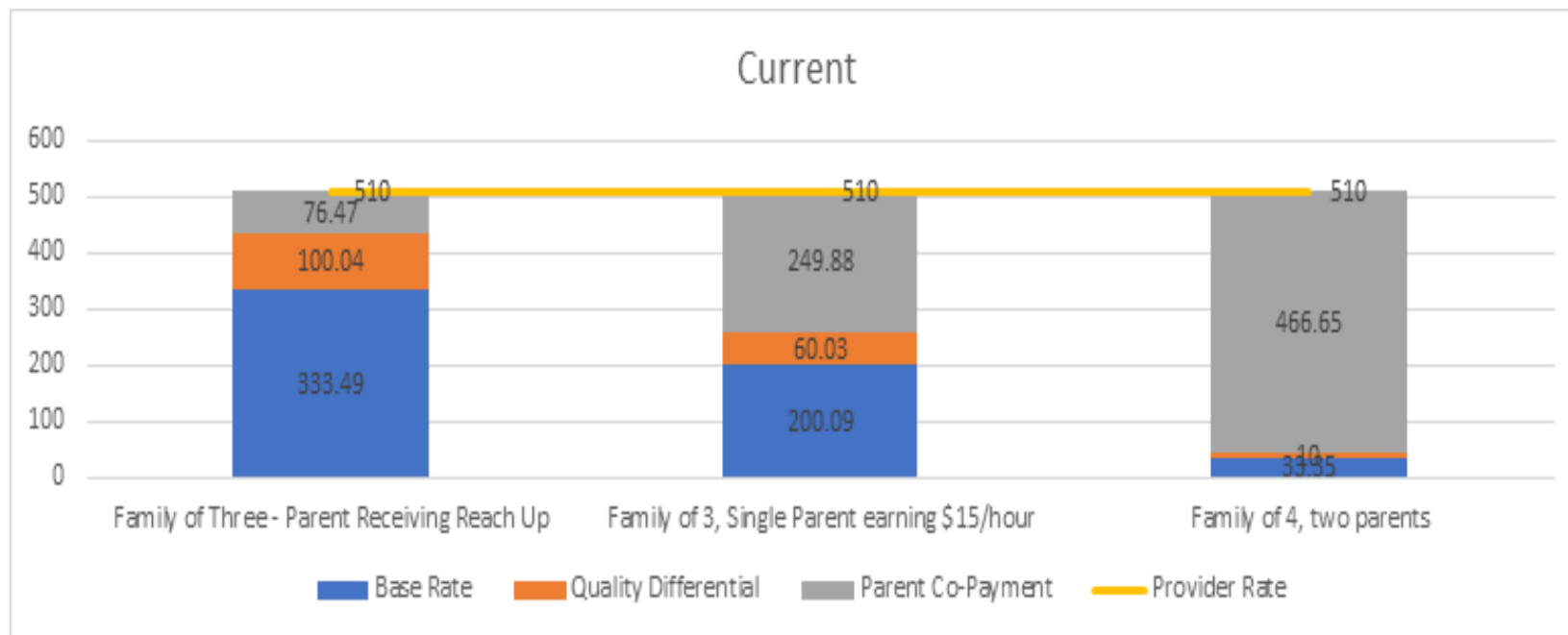
- Provider rates are set based on a Market Rate Survey conducted every two years. The rate for a 4 STAR program is set at the 75th percentile of the Market Rate Survey.
- The provider rates include an additional amount based on the STARS achievement of the provider. The rate paid on behalf of families 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 CC FAP Redesign?

- 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



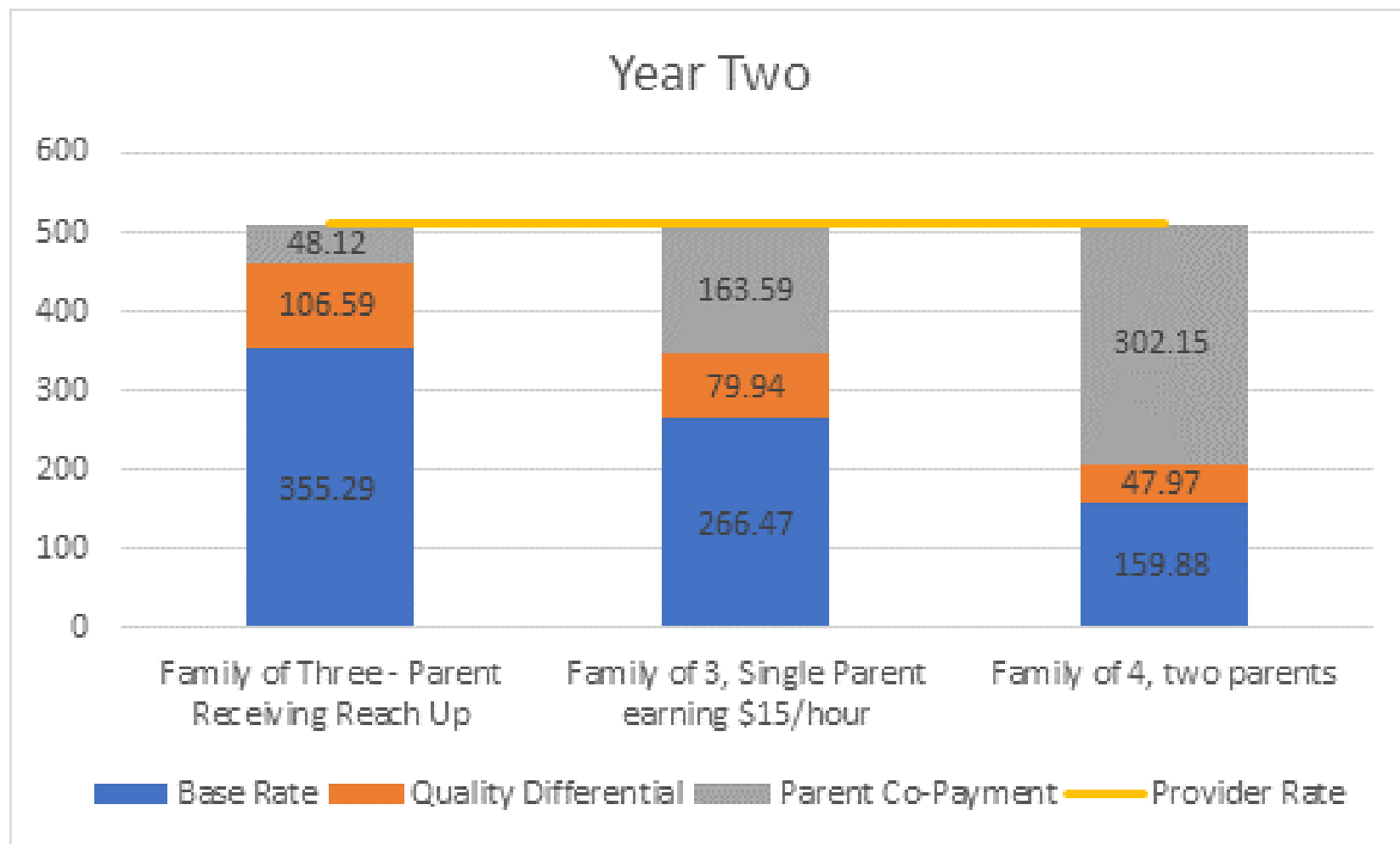
Proposed Plan: Time and Money

	CC FAP Investments	WF Investments	Base Increase	Proposed CCFAP Budget
SFY20	Increase PS & SA rates to 2015 MRS \$6,969,000	Scholarships: \$500,000 Loans: \$500,000	\$7,969,000	\$57,669,000
SFY21	Maintain SFY20 changes	Scholarships: \$500,000 Loans: \$500,000	\$7,969,000	\$57,669,000
Y3: SFY22	Q1: \$1,741,000 Q2-4: \$7,300,000	TEACH: \$250,000 Loan: \$500,000	\$9,791,000	\$59,491,000

Proposed implementation of CCFAP Redesign: September 30, 2021

Y4: SFY23	Additional families access CCFAP \$12,000,000	TEACH: \$250,000	\$12,250,000	\$61,950,000
Y5:SFY24	Additional families access CCFAP \$16,000,000	TEACH: \$250,000	\$16,250,000	\$65,950,000

A Tale of Three Families: SFY20 & 21



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

Family Size	Monthly Countable Income									
	150 FPL%	175% FPL	200% FPL	225% FPL	250% FPL	275% FPL	300% FPL	325% FPL	350% FPL	
3	\$ 2,598	\$ 3,030	\$ 3,463	\$ 3,896	\$ 4,329	\$ 4,762	\$ 5,195	\$ 5,628	\$ 6,061	
4	\$ 3,138	\$ 3,660	\$ 4,183	\$ 4,706	\$ 5,229	\$ 5,752	\$ 6,275	\$ 6,798	\$ 7,321	
5	\$ 3,678	\$ 4,290	\$ 4,903	\$ 5,516	\$ 6,129	\$ 6,742	\$ 7,355	\$ 7,968	\$ 8,581	
6	\$ 4,218	\$ 4,920	\$ 5,623	\$ 6,326	\$ 7,029	\$ 7,732	\$ 8,435	\$ 9,138	\$ 9,841	
Co-payment	\$ -	\$ 25	\$ 50	\$ 75	\$ 100	\$ 125	\$ 150	\$ 175	\$ 200	



CC FAP Rate Caps (aligned with 2017 MRS)



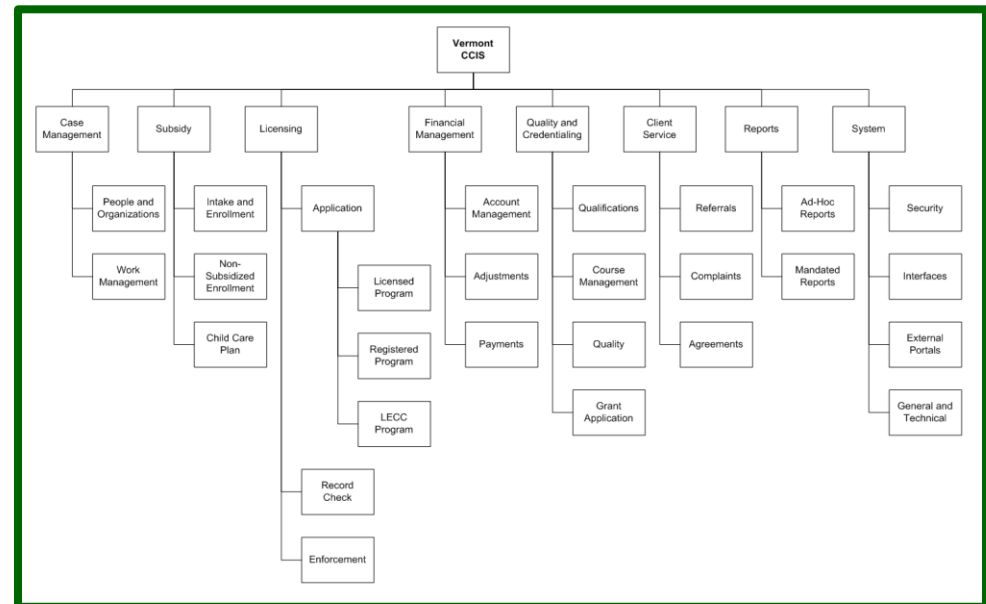
Proposed	50th Percentile	55th Percentile	60th Percentile	70th Percentile	80th Percentile	90th Percentile
Licensed Center	Base Rate	1 STAR	2 STARS	3 STARS	4 STARS	5 STARS
Infant	\$ 230.00	\$ 235.30	\$ 243.00	\$ 255.00	\$ 269.40	\$ 283.50
Toddler	\$ 225.00	\$ 230.70	\$ 236.65	\$ 246.56	\$ 260.00	\$ 280.00
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

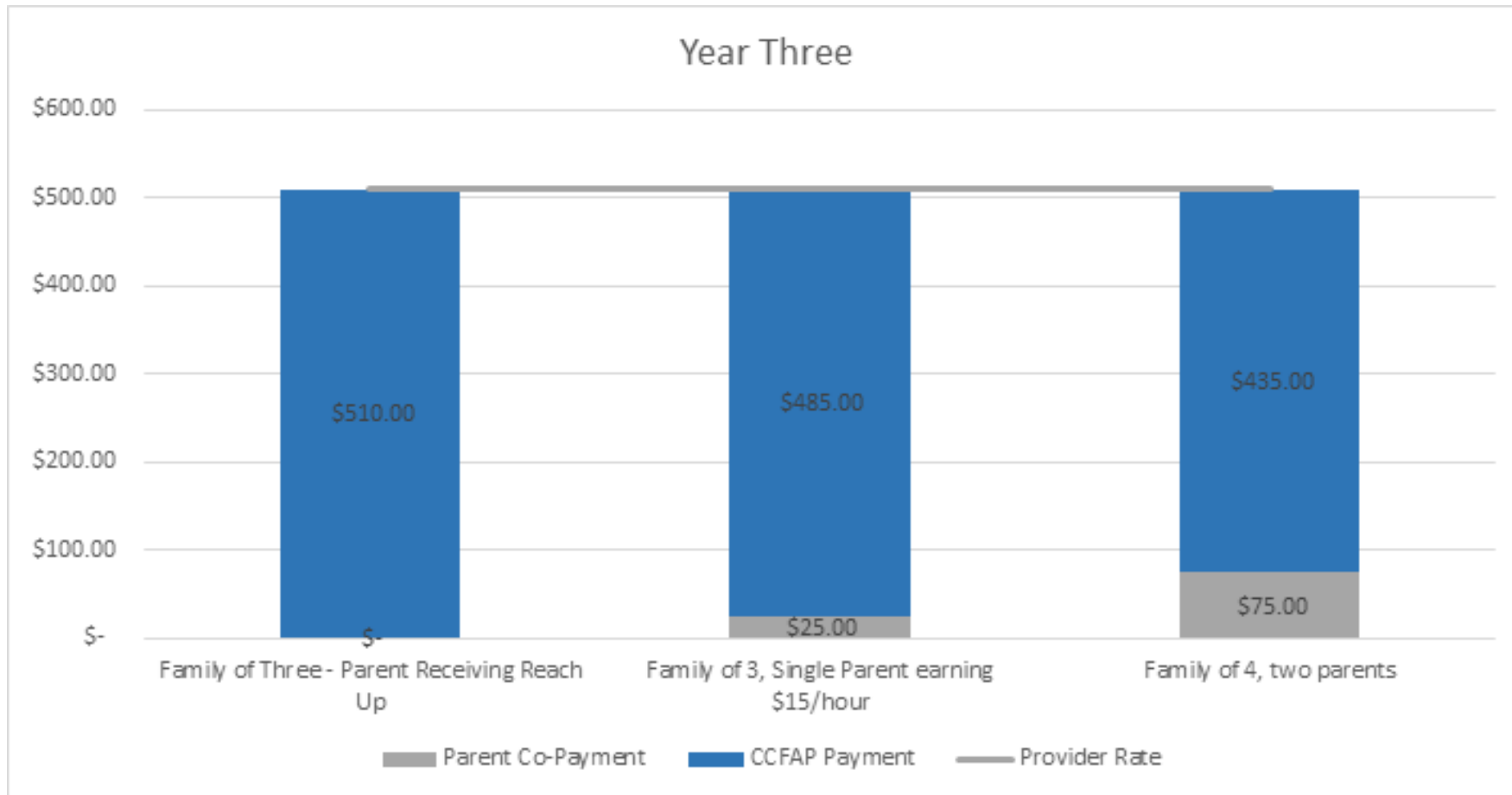
Bright Futures Information System (BFIS) Modernization Plan

- Approximately \$3.1 million in one-time funds between FY20 and FY22 will be needed to modernize the Bright Futures Information System (BFIS) to support the CC FAP Redesign.

- H.531 appropriates \$1,100,000 in SFY20 to plan and begin this work

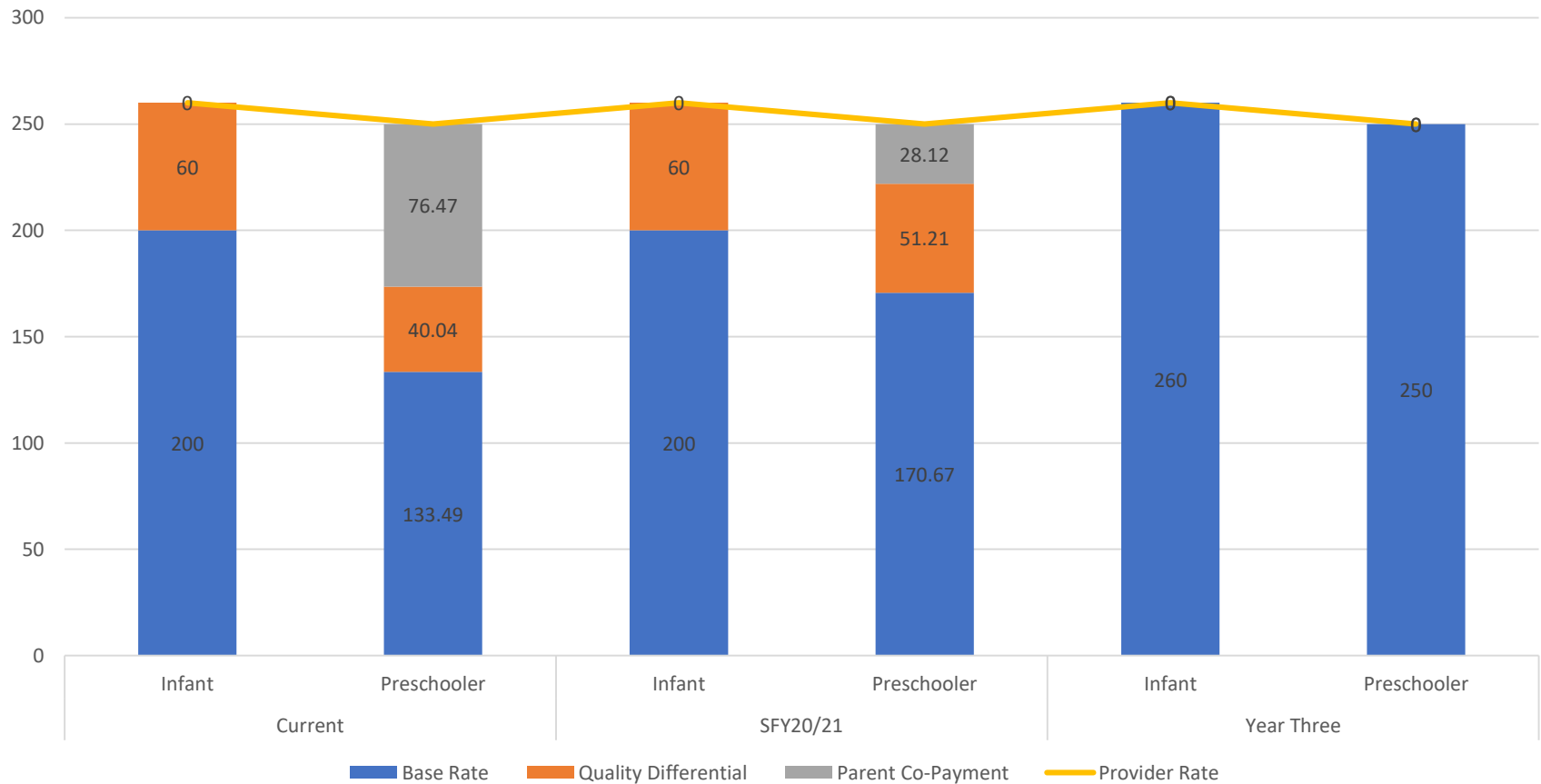


A Tale of Three Families: Y3, SFY22, Post Redesign



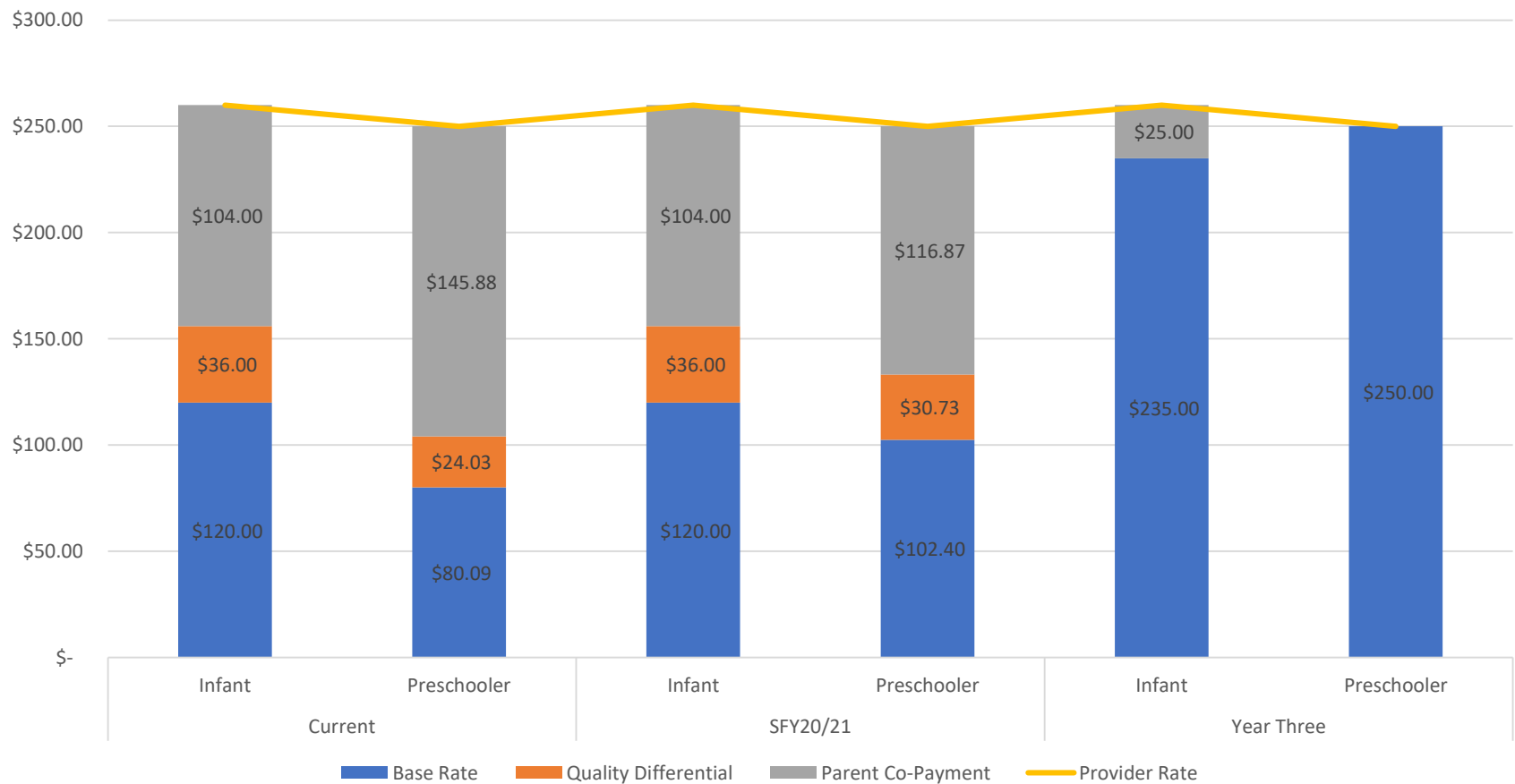
Family One Moving Through Changes

Family One: Family of three at 100% FPL (single parent on Reach Up) 2
kids: one infant, one PS FT care 4 STAR center



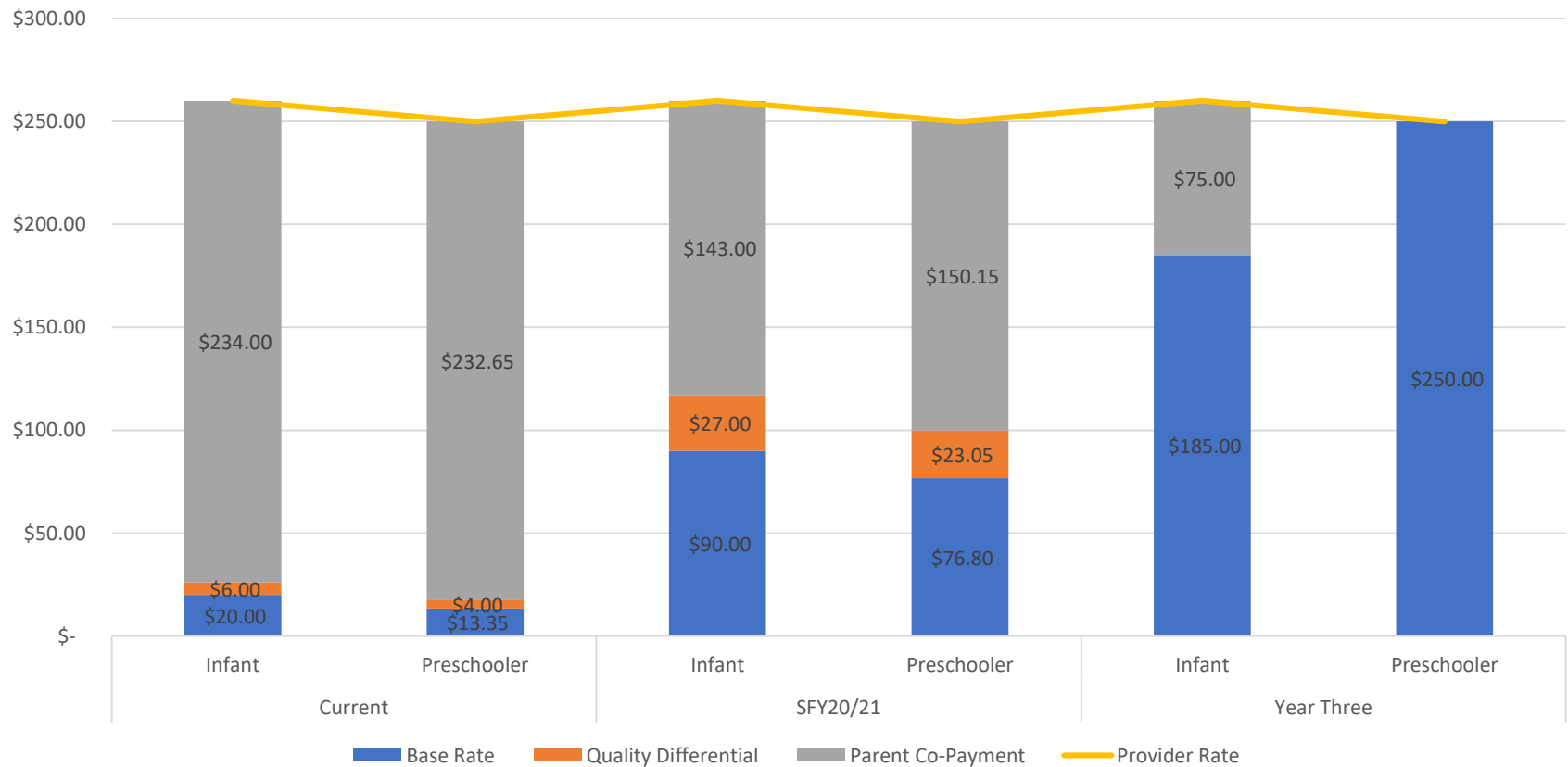
Family Two Moving Through Changes

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



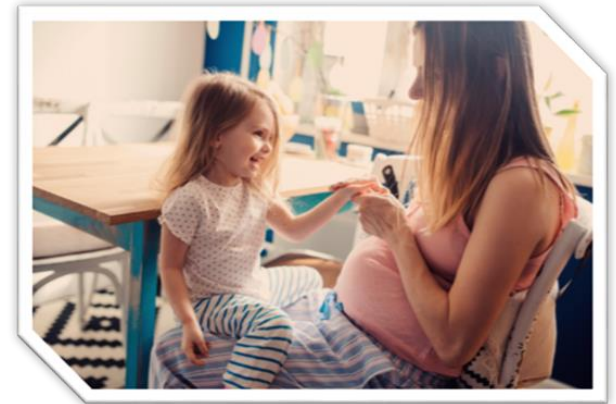
Family Three Moving Through Changes

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



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 Potential Costs of Redesign

- • 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).

Child Care and Early Learning Workforce Investments in H.531

- Student Loan Repayment Assistance \$500,000
 - All individuals working FT in private programs
 - Earning under \$40,000 annual
 - Have credits in related coursework
 - Up to \$2,000 annually in two payments
 - Must commit to 12 months of employment
- Child Care and Early Learning Workforce Scholarships \$500,000
 - All individuals working in private programs
 - Accessing related course work
 - Need based
- Participation limited to one program at a time



Other Provisions of H.531

- January 2024: Report evaluating expenditures and programs
- End Early Learning and Development Program Grants and reinvest those funds into these proposals
- Support appropriations equal to or greater than H.531 amounts from 2021-2024
- Educational and experiential regulatory variance for veteran providers until July 2024
- \$309,714 appropriated to DCF for purpose of raising rates in Children's Integrated Services

Reeva Murphy,
Deputy Commissioner
Senate Health & Welfare Committee , April 9, 2019



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