

Estimates for Alternative Proposals to Reduce Cost Sharing for Families Participating in CCFAP SFY2020

The Vermont Department for Children and Families, Child Development Division is responsible for administration of the Vermont Child Care Financial Assistance Program (CC FAP). This program helps eligible families pay for child care. Financial assistance for child care allows families to look for work, retain work or go to school or training. It improves the stability of families while supporting children's growth and development through participation in good quality early childhood and after school programs.

CC FAP is funded in part by the federal Child Care and Development Fund (CCDF). CC FAP payments are made directly to child care providers on behalf of families. The amount of the payment is determined by the age of the child, the income and size of the family, the type of child care program, the number of STARS the program has achieved, and the number of hours care is needed. Assistance is provided on a sliding fee scale that gradually reduces the assistance benefit as family income rises. Families pay a co-payment directly to providers to make up the difference between what the state pays and what the provider charges.

The critical policy levers related to increased investments in CC subsidies are:

Rates of reimbursement or **rates** – *how much the state pays for services;*

Eligibility criteria – *who can get help;* and

Benefit levels or **benefits** – *how much help eligible families get.*

State decisions on these three policy levers interact to impact:

Affordability – *how much families contribute toward child care costs – for subsidized families this is often referred to as co-pays or cost sharing*

Access – *child care supply or how many programs and program spaces are available to meet family demand for child care in any given area and how many of those accept subsidized families and children;* and

Quality - *whether or not providers and programs have sufficient resources to incorporate and sustain the critical elements of high quality programs that are developmentally beneficial for children and contribute to building protective factors in families*

The table below identifies the increased cost of fully funding CC FAP if certain policy changes increasing rates and expanding eligibility were made to the program. The projections are based on CC FAP assistance certificates assigned to eligible families.

Underlying assumptions used in modeling these estimates:

1. **Each estimated increase is equal to total projected cost of policy change minus SFY20 budget before BAA (\$49,731,941). No additional program increases or decreases were factored in.**
2. Increases were applied across current beneficiaries with no changes in age distribution across the caseload, program type or amount of care used by current beneficiaries or increase in enrollment in higher quality programs.
3. Additional families may apply for or utilize assistance if these policy changes are implemented. Experience indicates that new families do not impact an overall budget in the first year of implementing rate changes. Impacts from new families entering the program are not usually seen for up to 6 – 12 months.
4. The sliding fee scale is updated to 2019 Federal Poverty Levels in July 2019
5. Rate structure for estimates maintains the 4 STAR rate at the 75th percentile of the relevant MRS. That is what 75 % of providers report as equal to or less than the rate they charge for services
6. Current infant and toddler rates are at the 2017 MRS. No increase in infant and toddler rates are estimated for 2020 changes

Options

Option	CCFAP Rates	Sliding Fee Scale (Income Guidelines)	Cost
1 Governor’s Original Y1 proposal	<ul style="list-style-type: none"> • Maintain Infant and Toddler Rates at 2017 MRS • Increase the Preschool and School Age Rates to the 2014 MRS Rates 	Change the Incomes Guidelines to: <ul style="list-style-type: none"> • 100% 2019 FPL at 100% CCFAP Rate • 125% 2019 FPL at 95% CCFAP (currently at 85%) • 150% 2019 FPL at 75% CCFAP (currently at 60%) • 200% 2019 FPL at 50% CCFAP (currently at 15%) 	\$5,764,000

		<ul style="list-style-type: none"> • 300% 2019 FPL at 10% CCFAP 	
2	<ul style="list-style-type: none"> • Maintain Infant and Toddler Rates at 2017 MRS • Increase the Preschool Rates to 2012 MRS Rates • Increase School Age Rates to the 2010 MRS Rates 	Adjust Incomes Guidelines scaled between these points: <ul style="list-style-type: none"> • 100% 2019 FPL at 100% CCFAP Rate (no change) • 125% 2019 FPL at 95% CCFAP (currently at 85%) • 150% 2019 FPL at 75% CCFAP (currently at 60%) • 200% 2019 FPL at 50% CCFAP (currently at 15%) • 300% 2019 FPL at 10% CCFAP (no change) 	\$4.9 million
3	<ul style="list-style-type: none"> • Maintain Infant and Toddler Rates at 2017 MRS • Increase the Preschool Rates to and School Age Rates to the 2010 MRS Rates 	Adjust Incomes Guidelines scaled between these points: <ul style="list-style-type: none"> • 100% 2019 FPL at 100% CCFAP Rate (no change) • 125% 2019 FPL at 95% CCFAP (currently at 85%) • 150% 2019 FPL at 75% CCFAP (currently at 60%) • 200% 2019 FPL at 50% CCFAP (currently at 15%) • 300% 2019 FPL at 10% CCFAP (no 	\$3.9 million

		change)	
4 <i>NB. This option will not significantly decrease cost sharing burden on participating families</i>	<ul style="list-style-type: none"> • Maintain Infant and Toddler Rates at 2017 MRS • Increase the Preschool Rates to 2012 MRS Rates • Increase School Age Rates to the 2010 MRS Rates 	No change to current sliding fee scale	\$2.9 million