

Child Care Financial Assistance Program Proposed Redesign

The Child Care Financial Assistance Program (CCFAP) goal is to improve access to affordable, high quality early care and afterschool programs.

The program has a two generational impact:

- *Strengthen Families by helping eligible families pay for child care supports so they can participate in the workforce, increase education and training, and have financial stability.*
- *Support optimal child development by providing children opportunities at high quality early care and learning and afterschool programs that advance their healthy development and success in learning and life.*

Current Program

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.

- Based on income and family size, families are determined eligible to have a percentage of established provider rates 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.
- The rates paid to providers are set based on a Market Rate Survey (MRS) conducted every two years. The rate for a 4 STAR program is set at the 75th percentile of the Market Rate Survey.
- 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.

Challenges with the Current Program

- The amount families pay for co-payments typically increases when they have more than one child, regardless of financial resources.
- The co-payment varies based on child care program choices, leading families to make child care decisions based on financial resources.
- Families whose household income is between 101% and 300% of the federal poverty level do not often apply for the program.
- Vermont needs to make adjustments to meet federal Child Care & Development Block Grant requirements specific to affordable access.
- The system of how co-payments are assigned is complicated for families to understand.



Need more information?

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Steps in Proposed Redesign

Utilization of the CCFAP program is significantly down during the COVID-19 response. Based on current utilization, no investment would be needed to implement this proposed Year 3 policy change. Should a significant rebound in utilization occur, DCF would use the BAA process to respond to any FY22 investments needed. The below chart provides estimates on needed investments in the CCFAP base budget to sustain the proposed policy shift if/when utilization returns to Pre-COVID levels.

Year	Change	Amount of Increase
Year 1: State Fiscal Year 2020	Change income guidelines to 200% of Federal Poverty Level (FPL) to 50% benefit, increase preschool and school age rates to 2014 Market Rate Survey.	\$5,800,000
Year 2: State Fiscal Year 2021	Increase preschool and school age rates to 2015 Market Rate Survey. No increase in income guidelines	\$2,100,000
Year 3: State Fiscal Year 2022	Implement redesign of program to set co-payment amount. Proposed to go into effect 9/25/2022	\$5,529,000
Year 4: State Fiscal Year 2023	No additional changes; however, projection of additional children accessing the program	To Be Determined
Year 5: State Fiscal Year 2024	No additional changes; however, projection of additional families accessing the program	To Be Determined

Redesign Details

- 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.
- Expand eligibility by increasing income guidelines.
- 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.

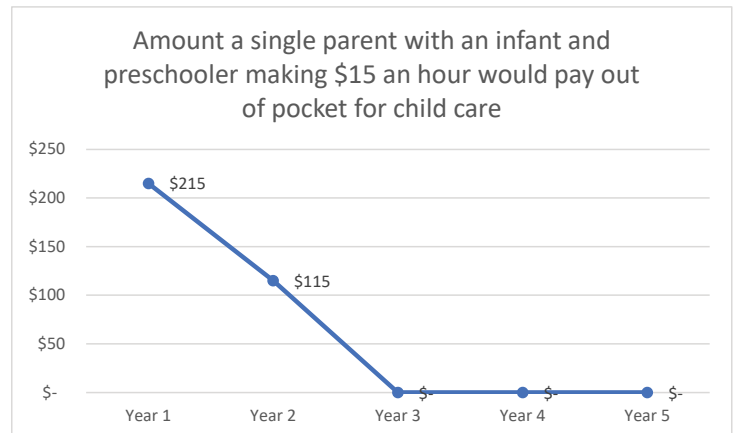
- Maintain a tiered rate structure based on program quality using Vermont STARS assessed quality and current Market Rate Survey (MRS). In year 3, the rate structure starts at the 50th percentile of the 2019 MRS at the base level.

SFY2022 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	\$2,745	\$3,203	\$3,660	\$4,118	\$4,575	\$5,033	\$5,490	\$5,948	\$6,405
4	\$3,313	\$3,865	\$4,417	\$4,969	\$5,521	\$6,073	\$6,625	\$7,177	\$7,729
5	\$3,880	\$4,527	\$5,173	\$5,820	\$6,467	\$7,113	\$7,760	\$8,407	\$9,053
6	\$4,448	\$5,189	\$5,930	\$6,671	\$7,413	\$8,154	\$8,895	\$9,636	\$10,378
Family Weekly Co-payment	\$0	\$25	\$50	\$75	\$100	\$125	\$150	\$175	\$200
Monthly copayment example	\$0	\$108.25	\$216.50	\$324.75	\$433.00	\$541.25	\$649.50	\$757.75	\$866.00

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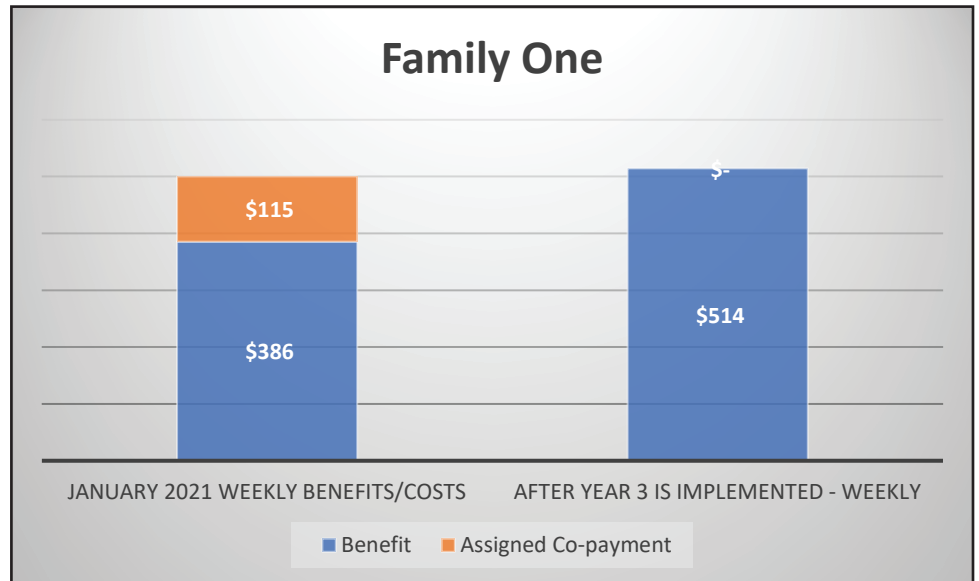
Impacts on Families of Redesign

The redesign of the Child Care Financial Assistance Program (CCFAP) will lower the out of pocket costs for eligible families. Over time more children and families will benefit from the program.

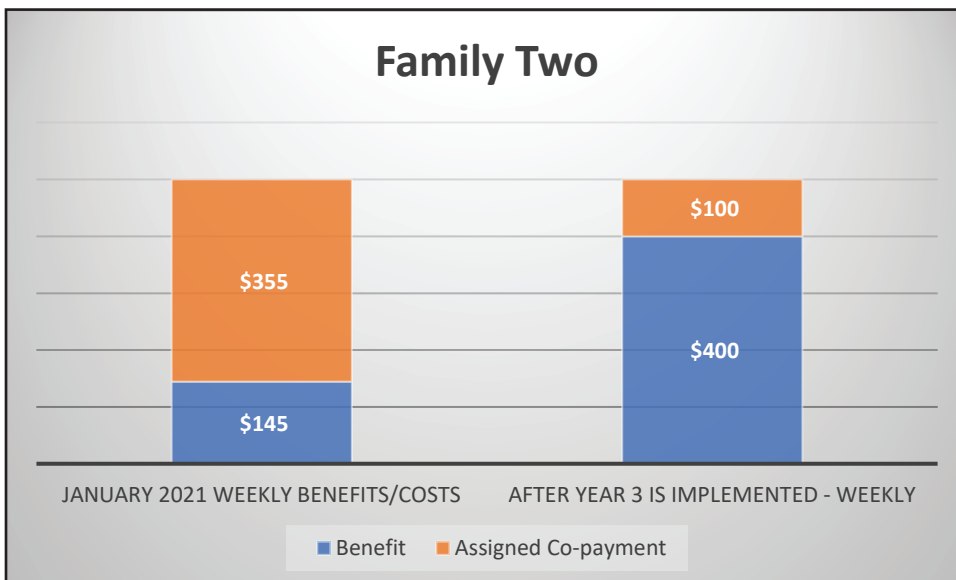


Family One

- Family one is a family of 3, one parent and two children (one infant and one preschooler).
- The parent earns \$15 per hour/\$31,200 annually.
- The provider is licensed center at 4 STARS and charges the 50th percentile rate (median) based on the 2019 Child Care Market Rate



Family Two



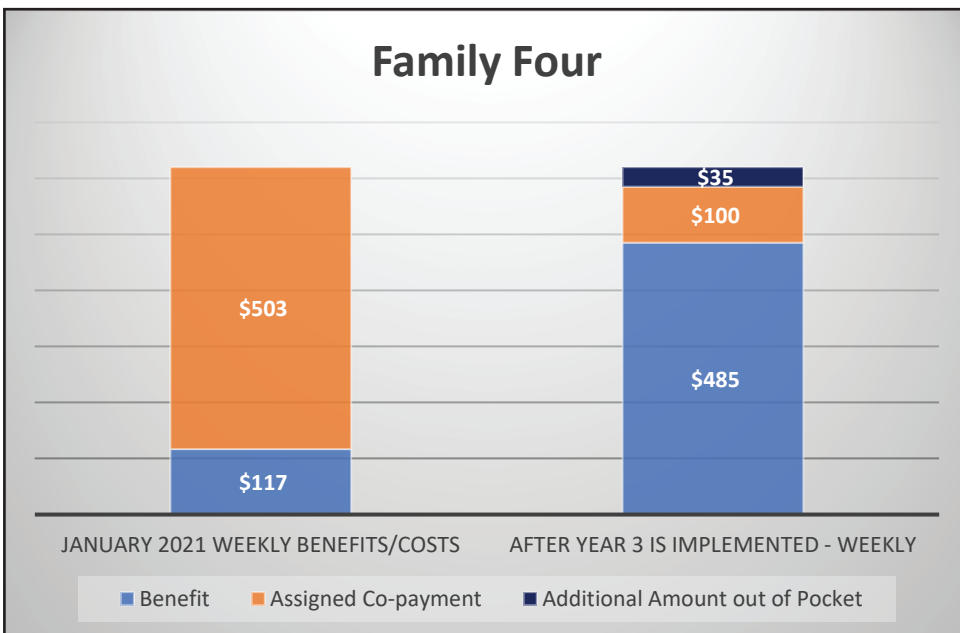
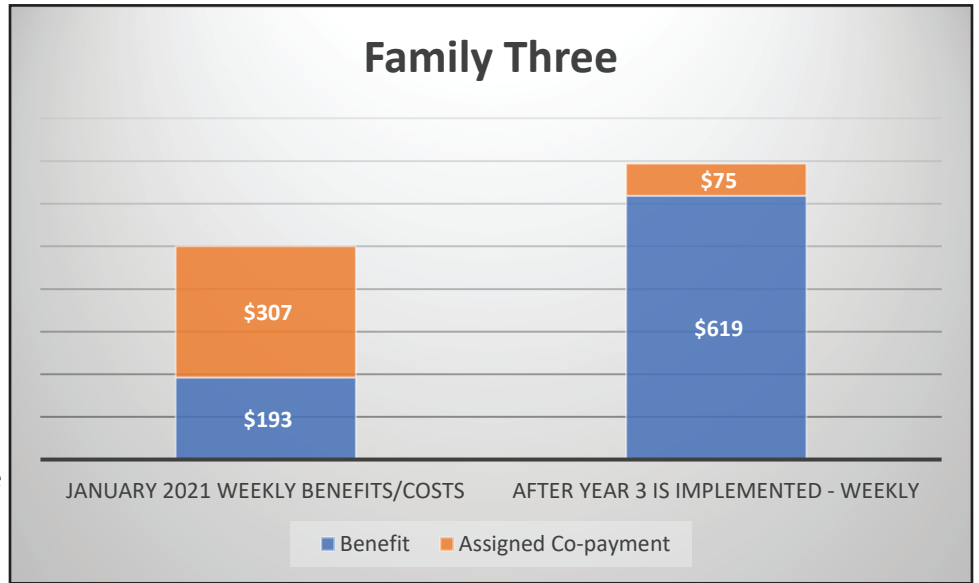
Family Two

- Family two is a family of 4, two parents and two children (one infant and one preschooler).
- Both parent earns \$15 per hour/\$62,400 annually.
- The provider is licensed center at 4 STARS and charges the 50th percentile rate (median) based on the 2019 Child Care Market Rate

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Family Three

- Family three is a family of 6, two parents and four children (one infant, one preschooler, and two school age children).
- Both parents earns \$18 per hour/\$74,880 annually.
- The provider is licensed center at 4 STARS and charges the 50th percentile rate (median) based on the 2019 Child Care Market Rate
- Family chose to send the infant and preschooler in current system to save money. In the new system the family chooses to send all 4 children to regulated child care, full time for the infant and preschooler and part time for the school age children.



Family Four

- Family two is a family of 4, two parents and two children (one infant and one preschooler).
- Both parent earns \$15 per hour/\$62,400 annually.
- The provider is licensed center at five stars.
- The provider changes more than the capped rate for five star programs for the infant, and the family is responsible for the additional \$35 per week.