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 need 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?

Contact Melissa Riegel-Garrett at melissa.riegel-garrett@vermont.gov or 802-989-9685

VERMONT
DEPARTMENT FOR CHILDREN AND FAMILIES
CHILD DEVELOPMENT DIVISION

January 2021

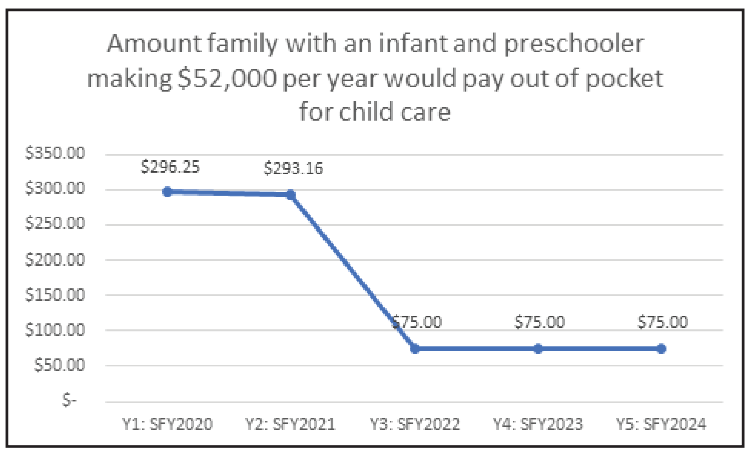
Child Care Financial Assistance Program Proposed Redesign

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.

Story of a Family

A family of 6 with 3 school age children and an infant. John and Jane have an income of $5,460 per month. They qualify for 55% of the CCFAP benefit, and only use child care for their infant. They pay $473 out of pocket for their co-payment. Their school age children go home afterschool every day, because it would cost the family another $580 out of pocket for the school age children to go to afterschool care.

After the redesign this family can afford to send all of their children to safe options during the day and afterschool as their out of pocket cost will be $50 per week, or $215 per month.