
**Report to
The Vermont Legislature**

**CCFAP Attendance-based model vs. Enrollment-based model
In Accordance with Act 45 of 2021 Section 12**

Submitted to: Governor
Senate Committee on Health and Welfare
Senate Committee on Appropriations
House Committee on Human Services
House Committee on Appropriations

Submitted by: Chris Winters, Commissioner
Department for Children and Families

Prepared by: Janet McLaughlin, Deputy Commissioner
Child Development Division

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**AGENCY OF HUMAN SERVICES
Department for Children and Families**

Introduction

In accordance with Act 45 of 2021, Section 12, “On or before July 1, 2022 the Department for Children and Families’ Child Development Division shall submit to the House Committees on Appropriations and on Human Services and to the Senate Committees on Appropriations and on Health and Welfare analyses addressing the costs and policy implications associated with moving from an attendance-based model to an enrollment-based model in the Child Care Financial Assistance Program.”

In Summer 2022, Legislative Committees agreed to a report extension to March 30, 2023, to allow for enough data to be collected following the July 3, 2022, launch of the Child Development Division’s Information System (CDDIS).

Summary

In exploring the costs and policy implications associated with moving from an attendance-based model to an enrollment-based model in the Child Care Financial Assistance Program (CCFAP), the Child Development Division (CDD) reviewed the State’s current payment model, other models being implemented around the country, and the requirements of the Child Care Development Fund. The switch to CCFAP payment based on enrollment versus the current attendance-based has financial implications that are not included in the Governor’s budget. There will be increased costs associated with increased CCFAP payments on an ongoing basis and transition costs for IT, policy and protocol development, training and monitoring that would need to be prioritized against other CCFAP projects.

Vermont’s Current Policy

In Vermont, CCFAP subsidy payments are designed to be paid based on the attendance of the child receiving subsidy. For a short time during the COVID-19 Emergency, payments were shifted to enrollment-based since attendance was not possible and/or not predictable; this change was made in Vermont’s State of Emergency Child Care Protocol before the new CDD Information System (CDDIS) was active and did not include the development of implementation and monitoring policies necessary for permanent adoption. As child care programs returned to more typical attendance patterns and CDD introduced the new IT system (CDDIS), the state returned to an attendance-based model for paying subsidy and designed CDDIS modules and protocols around that practice.

Currently, child care programs are paid for the days each child attends plus allowances for the days programs are closed, families are on vacation, and children are sick. The attendance policy enacted on July 1, 2022, now includes:

- 30 Provider days to cover professional development, vacation, holidays, and sick days for the provider each year.
- 20 Child Vacation days as chosen by the family each year.
- Unlimited Child Sick days in which parent/caregiver affirms that a child is sick or has a medical appointment.

Programs are also paid 5 days if a family receiving CCFAP unenrolls (or fails to show) without notice. (*See Appendix A for more detail on attendance codes*). Current policies allow approval of additional

days for children in foster care, open family service cases, homeless, or residing in transitional situations.

Vermont’s attendance policy was highlighted for its generous allowances in the webinar [Supporting Reliable Subsidy Revenue for Child Care Providers While Maintaining Program Integrity](#) (Ingersoll, 2022, 38:27) which included both changing to an enrollment-based policy or increasing flexibility in attendance-based policies as responsive solutions.

Vermont’s Current Usage

Based on initial analysis of attendance records and payments, the State of Vermont finds that over 94% of the approximately 6400 children using CCFAP during SFY23 appear to have sufficient vacation or sick days. A data review in early 2023 found 346 cases (5.4%) in which children were on track to exceed their allowed vacation days.

The division also found multiple instances in which children have zero hours of attendance for multiple weeks. Based on initial analysis of attendance records and payments, CDD staff estimates that this happens for less than 10% of cases each year. Per current policy, child care programs are not paid for those weeks beyond the initial 5-day “unexplained absence” period. Based on the data currently collected, it is not possible to distinguish between when children have left with notice, when they have left without notice, and when they may still be enrolled but not attending.

Policies in Other States

There are currently 13 States using an enrollment-based payment system, and of these, 12 implemented this policy using pandemic funding. In making this switch, states designed and implemented new policies and reporting protocols in addition to revamping payment protocols. All states needed to establish how they would define enrollment, how they would handle “unexplained absences,” how they would document when a child was unenrolled, and how they would monitor the policy.

Examples of enrollment-based policies that the federal Office of Child Care provided to the Department for Children and Families are:

- Massachusetts implemented enrollment-based payment for COVID. With enrollment-based payments, there is no limit to explained absences. Once a parent hits the 4th day of unexplained absence, the payments cease on their behalf.
- Maine requires families to get approval if they are absent for more than 2 weeks. Providers are responsible for contacting the subsidy office to let them know when children haven't attended and haven't provided explanation. The subsidy office contacts the client and reminds them of the requirement to contact the provider when they're going to be absent.
- Tennessee revised their policies so that absences would not impact payment for a given child unless the child was absent for more than 20 days in a row. After an absence of 20 consecutive days, the state would reach out to the family to confirm that the child was not returning to care before stopping the payments to the provider.

In all states examined, payments ended when a child was unenrolled – either as a result of being unenrolled by the family (for a move, to change programs, to begin kindergarten, etc.) or as a result of continued unexplained absence.

Policy and Financial Implications

There are multiple potential implications associated with making a move to an enrollment-based payment system for CCFAP.

CCFAP subsidy costs: Vermont’s current attendance-based policy covers almost all days for enrolled children. There are cost implications in two situations. (Note: If CCFAP reimbursement rates increase, then the dollar figures presented below would increase as well.)

- If Vermont pays based on enrollment within our current policies with the current rate of children estimated to exceed covered absences, then it would cost up to \$229,560 if up to 6% of children needed an average of up to 3 additional weeks beyond current days allowed. (Current average CCFAP payment of \$212.06/week * 6% of cases * monthly average caseload of 6014 * 3 weeks = \$229,559.68).
- If, as part of a shift to an enrollment-based policy, Vermont decided to increase the limit on the days of “unexplained absence” for children (above the 5 currently allowed), then costs would vary based on that policy. For example, at the current average weekly CCFAP payment of \$212.06 and a likely high estimate of 600 children leaving CCFAP with “unexplained absences” during a year (10% of the current avg monthly caseload of 6014),
 - o Increase to 2 weeks - \$127,533
 - o Increase to 4 weeks - \$382,599
 - o Increase to 8 weeks - \$892,732

Monitoring: The move to enrollment-based payments would require the Department for Children and Families to revise our CCFAP payment monitoring system. Our current system uses a sample-based audit process to monitor CCFAP billing. Currently there is one staff person for this work. Should the expectations of the work change DCF would need to consider additional staff, specifically if the state received less information from programs in a revised system.

Transition costs: There are costs in time, effort, and funding to make a transition to enrollment-based payments.

Policy and rulemaking: If Vermont were to switch to enrollment-based payments, the state would clarify and strengthen its policies around children’s enrollment – especially when and how to verify that children are no longer enrolled, and determine how providers report unenrollment to ensure child care slots are filled once vacant. DCF would need to determine how and if attendance is still

collected within the CCFAP system as it could have impacts on licensing or other DCF functions. If there is a desire to quickly implement, the change to an enrollment-based CCFAP may also require emergency rulemaking authority.

Technology: Currently, CDDIS is designed for an attendance-based system in which both enrollment by a child and their absences outside of allowed limits would impact payment. Programming CDDIS to make payments based on enrollment could be accomplished within the 2023 calendar year. However, rewriting the module to no longer require attendance would be a significant revision with cost and time implications that would need to be prioritized against other desired CDDIS functionality and CCFAP updates. A precise cost and time estimate on the CDDIS changes is not possible without scoping the project with the IT vendor.

Training: This change would require communication and additional training to all CCFAP eligibility specialists who currently support enrollment, disenrollment, and allowances for special circumstances. There would also be necessary trainings for child care programs receiving CCFAP on new protocols for an enrollment-based policy and any updates to CDDIS.

Appendix A



Child Care Financial Assistance Attendance Codes

Regulated child care providers who serve children receiving child care financial assistance can enter letter codes into their child care attendance within the Child Development Division Information System (CDDIS) in place of hours of care when a child is absent or when the program is closed on normal days of operation. Approved Relative Child Care (ARCC) providers are not eligible to use codes. If a code is entered, no payment will be made for that day.

Not using the proper code may result in non-payment. Please contact your local [Community Child Care Support Agency](#) if you have questions about using a code. Please contact the [CDDIS Help Desk](#) if you have questions about code usage for the year.

Code	Reason to Use Code
P: Provider Code	Use the "P" code when you are closed on normal days of operation for any reason, including provider vacation days, state/federal holidays, professional development days, and illnesses (including COVID). Do not use this code for weekends if you do not normally provide care on the weekends. Providers are granted 30 provider closed days, calculated from July 1st - June 30th each year. Payment will be deducted from your invoice for any additional "P" days taken beyond your 30 allocated days.
S: Sick Child	Use this code when children are absent due to illness or a medical appointment. The parent/guardian must verify that the child is sick or attending a medical appointment. Please enter a note on the attendance if the child is sick for more than one week.
V: Vacation	You may use this code when parents/guardians notify you that their child is absent due to vacation. Each child is granted 20 vacation days, calculated July 1st - June 30th each year. Payment will be deducted from your invoice for any additional "V" days taken beyond the child's 20 allocated days."
H: Hold Placement	To hold an opening for a child with an "H" code, you must contact your local Community Child Care Support Agency for approval. Use of this code will only be paid if it has been approved by the Child Care Financial Assistance Program Unit at the Child Development Division. Please Note: "H" should NOT be used to indicate when you are closed for a Holiday. Instead, use "P" for Provider Closed.
N: No Notice	To use an "N" code when a child has stopped attending, and the parent/guardian did not give notice , you must contact your local Community Child Care Support Agency for approval. The "N" code may only be used for one week. Use of this code will only be paid if it has been approved by the Child Care Financial Assistance Program Unit at the Child Development Division.

* Coded days count as 5 hours daily for school-aged children when used on part-time/full-time (PT/FT) certificates. If the child was present or registered for full-time hours during a week and codes are used, please refer to [CDDIS Attendance Report: Attendance Entry FT/PT](#) (page 16) for more information.

* Coded days on variable certificates will pay a part-time daily rate.

The CCDF Final Rule allows Lead Agencies to discontinue assistance during an eligibility period for limited circumstances, including: "98.21(a)(5)(i) Excessive unexplained absences despite multiple attempts by the Lead Agency or designated entity to contact the family and provider, including prior notification of possible discontinuation of assistance."

Further, the Preamble to the Final Rule says the following:

"It is ACF's view that unexplained absences should account for at least 15 percent of a child's planned attendance before such absences are considered excessive. This 15 percent aligns generally with Head Start's attendance policy and ACF will consider it as a benchmark when reviewing and monitoring this requirement."

Lead Agencies can define 'excessive absences' related to this policy in 3.4.2(c) in the CCDF plan.).

Works Cited

Cooley, M., Ingersoll, J., McKenzie, M., & Massaroco, S. (2022, April 26). *Supporting Reliable Subsidy Revenue for Child Care Providers While Maintaining Program Integrity* [Webinar]. U.S. Department of Health & Human Services, Administration for Children & Families, Office of Child Care TA Network. <https://www.youtube.com/watch?v=8aYXFiSSd88>