

Early Care and Education Programs in Vermont

House Committee on Ways and Means

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DM #368025, v.8



JFO

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Inventory of Primary Programs

Assistance Programs – Families

- CCFAP, Vermont's income-based subsidy program. Funded by GF and federal CCDBG funds totaling \$62.75 million.
 - CCDBG funds to VT ~\$7 million
- Vermont Universal PreK (Act 166). Provides 10 hours/week at approved programs. Approx. \$62 million EF.
- Other State EF: Essential Early Education for PreK special education
- Other Federal funds: Head Start, Early Head Start, meal assistance

In addition, one-time funded capacity and development grant programs are available to childcare providers and the early education workforce

Tax Expenditures

- Vermont Child Tax Credit, new in 2022. \$1,000/child age 5 or younger at year end. Credit phases down between \$125k and \$175k.
 - Fully refundable.
 - Estimated cost \$31.8 million
- Federal Child and Dependent Care Tax Credit. Credit for care expenses for a qualifying individual that allow the filer to work or go to school.
 - Maximum federal tax credit is \$1,050 for one dependent and \$2,100 for two or more dependents.
 - Vermont's child and dependent tax credit is now 72% of federal credit



Licensed and Registered Childcare Capacity

Types of Providers

- Public PreK Programs— 99
- Licensed Child Care Centers – 314
- Licensed Family Child Care Homes – 21 (providers must meet staff/children ratios; can serve more than 10 children)
- Registered Family Child Care Homes – 290 (limited to 10 children no more than 6 under 6 years old and 4 school age)
- Head Start Programs – 76 (licensed sites and home-based services)

Statewide Regulated Capacity by Age (Sept 2022)

• Infants	2,914
• Toddlers	3,216
• PreK	10,877
• School Age	<u>11,243</u>
Total	28,250

This is the reported capacity which is typically a bit less than the total licensed capacity. The total reported capacity is 10.8% below the level reported 5 years ago, Geographic capacity match?



How does a family's contribution for early care and education change as income relative to the Federal Poverty Level changes?

- Vermont's Child Care Financial Assistance Program (CCFAP) expects families with income above 150% of the Federal Poverty Level (FPL) to pay some or all Early Care and Education (ECE) tuition
 - 150% FPL is \$37,290 for a family of 3 or \$45,000 for a family of 4
- Families with income up to 150% of FPL now have no co-pay
 - Families with income just above 150% FPL up to 175% FPL pay \$25/week
 - Families with income just above 175% FPL up to 200% FPL pay \$50/week
 - And so on
- The CCFAP subsidy currently ends at 350% of FPL
 - 350% FPL is \$87,010 for a family of 3 and \$105,000 for family of 4
- The CCFAP reimbursement rate for 5-star ECE center-based care in FY 2023 is capped at approximately \$17,250 (an average of infant, toddler, and preschool amounts)
 - Some early care and education providers charge more, known as "balance billing"



Child Care Financial Assistance State's Capped Rates

Effective July 3, 2022

The State's capped rates are the maximum amount the State will pay to a child care provider on behalf of a family receiving child care financial assistance. The State will pay the lesser of the two: up to the provider's rate or the State's capped rate. To receive the maximum amount the State pays, a child care provider may need to increase their rates. For more detailed information about payments, which includes examples, please see our [fact sheet](#).

Licensed Care		1 STAR	2 STARS	3 STARS	4 STARS	5 STARS
Infant	Full-Time	\$290	\$297	\$300	\$314	\$349
	Part-Time	\$159	\$163	\$165	\$172	\$191
	Extended Time	\$394	\$403	\$408	\$427	\$474
Toddler	Full-Time	\$280	\$281	\$289	\$306	\$328
	Part-Time	\$154	\$156	\$159	\$168	\$180
	Extended Time	\$380	\$382	\$393	\$416	\$446
Preschool	Full-Time	\$275	\$280	\$288	\$300	\$325
	Part-Time	\$151	\$154	\$158	\$165	\$178
	Extended Time	\$374	\$380	\$391	\$408	\$442
School Age	Full-Time	\$225	\$231	\$245	\$250	\$275
	Part-Time	\$123	\$127	\$134	\$137	\$151
	Extended Time	\$306	\$314	\$333	\$340	\$374

Registered Home		1 STAR	2 STARS	3 STARS	4 STARS	5 STARS
Infant	Full-Time	\$200	\$203	\$207	\$210	\$225
	Part-Time	\$110	\$111	\$113	\$115	\$123
	Extended Time	\$272	\$276	\$281	\$288	\$306
Toddler	Full-Time	\$198	\$200	\$204	\$208	\$211
	Part-Time	\$108	\$110	\$112	\$114	\$116
	Extended Time	\$269	\$272	\$277	\$285	\$286
Preschool	Full-Time	\$190	\$195	\$200	\$205	\$210
	Part-Time	\$104	\$107	\$110	\$112	\$115
	Extended Time	\$258	\$265	\$272	\$278	\$285
School Age	Full-Time	\$185	\$190	\$195	\$198	\$200
	Part-Time	\$101	\$104	\$107	\$108	\$110
	Extended Time	\$251	\$258	\$265	\$267	\$272

Important Definitions

Authorized Hours of Care:

- Full-Time Weekly – 26 to 50 hours a week
- Part-Time Weekly – 1 to 25 hours a week
- Extended Time – more than 50 hours a week

Child's Age

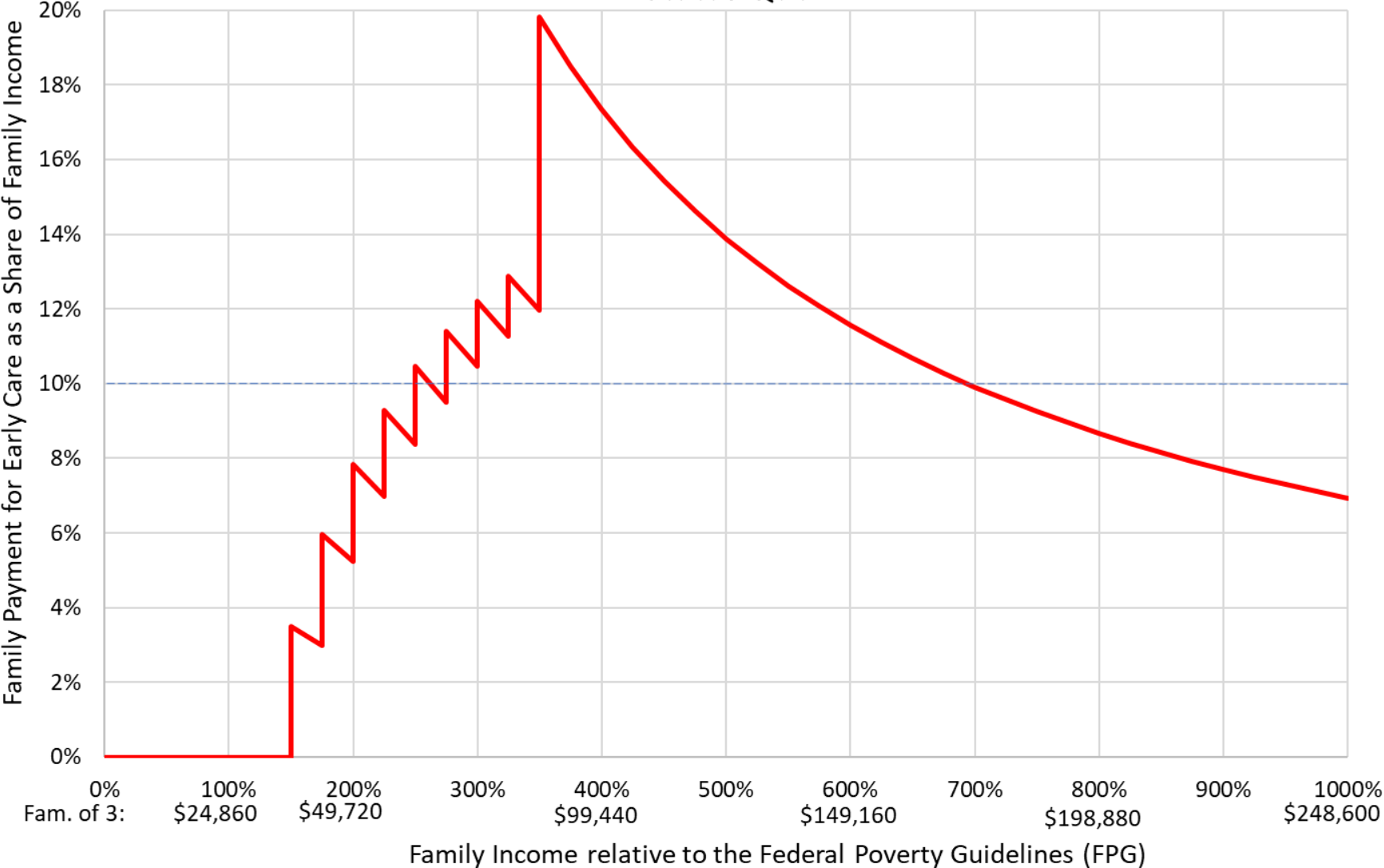
- Infant – birth up to 24 months old
- Toddler – 2 up to 3 years old
- Preschool – 3 up to 5 years old
- School Age – 5 up to 12 years old (19 if child has special needs)



Share of Family Income for Early Care at \$17,250*/yr; CCFAP: \$25/wk to 350%

*CCFAP capped rate at 5-star centers; One child in care; 100% FPG = \$24,860, Family of 3 in 2023

Status Quo



Sources: Federal poverty guidelines, HHS; Vermont Dept. of Children and Families; RAND Report; JFO analysis JFO/jm; Apr. 10, 2023



Possible changes in CCFAP going forward

- The Governor's proposal would decouple the CCFAP reimbursement rate to providers from the STARS rating system
 - All providers would receive the 5-star reimbursement amount
 - All early care and education centers would receive \$17,250 per CCFAP child per year if the change went into effect today (an average of infant, toddler, and preschool amounts)
 - All home-based care providers in FY 2023 would receive \$11,258 per CCFAP child per year if the change went into effect today (again, an average of infant, toddler, and preschool amounts)
- The RAND report calculated the average cost per child of high-quality care at centers would be about \$28,100, or about 63% higher



What would actual cost of high-quality care imply?

- The RAND report looked at the cost of high-quality early care and education by child's age and setting; JFO inflated to 2023 dollars

RAND Table 3.3			
Annual per Child Full-time Cost of Care, 2023 \$			
	Infants	Toddlers	PreK
Setting	2-23 mos.	24-35 mos.	3 & 4 yo's
Small center, ~38	41,305	35,237	23,866
Medium center, ~76	37,622	33,082	20,183
Large center, ~116	36,384	31,842	18,945
Small FCCH	24,635		
Large FCCH	18,478		

- The RAND report calculated the average cost per child of high-quality care at centers would be about \$29,646 inflated to 2023 dollars



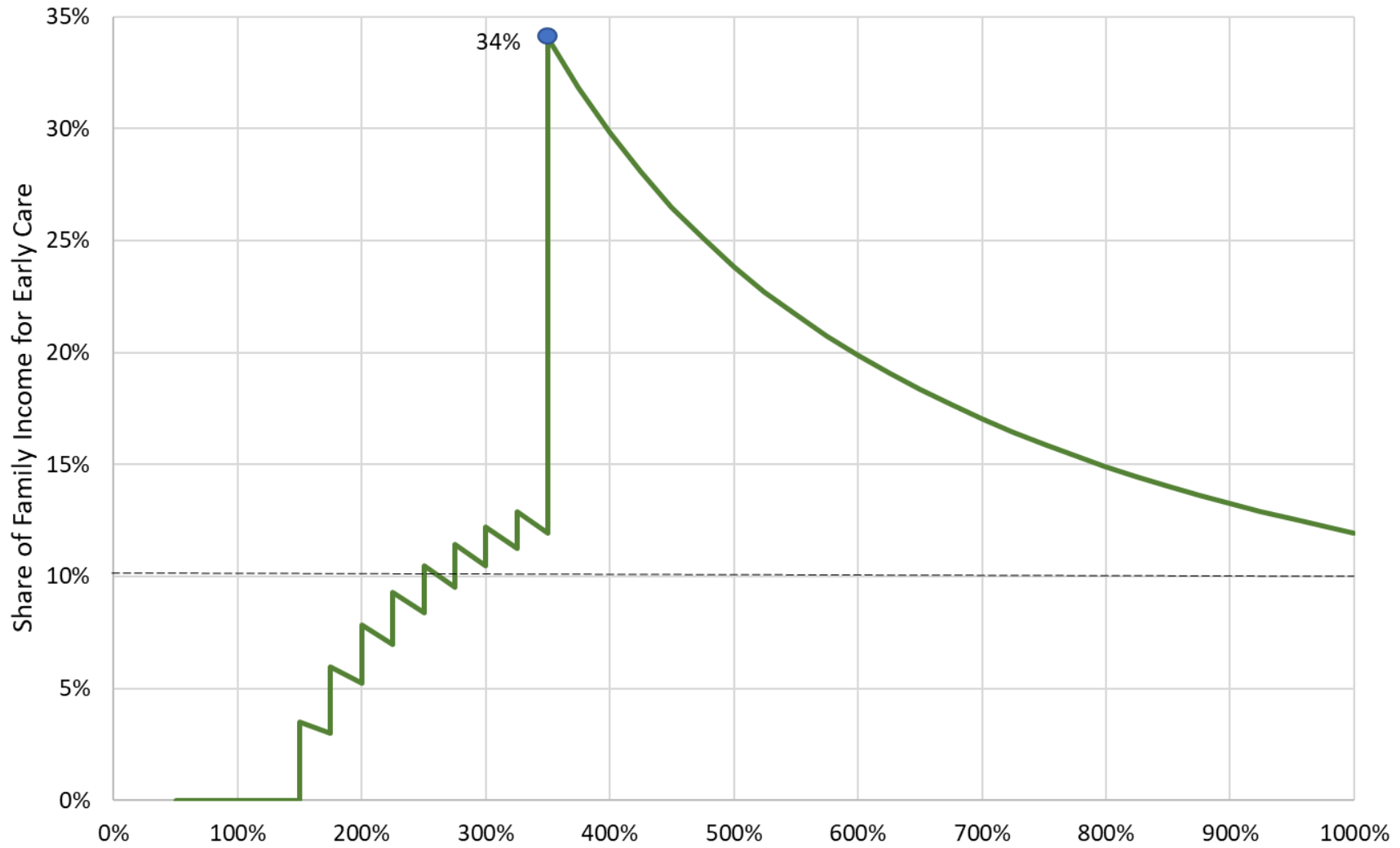
Suppose we use RAND's high quality reimbursement amount with the current CCFAP structure

- The actual cost of care for high-quality, center-based care would be \$29,646 per child on average in 2023 \$
- CCFAP reimburses the full amount per child up to 150% FPL
 - Family of 3: \$45,991; Family of 4: \$55,500
- Families just above 350% FPL would pay full cost
 - That means above \$87,010 for a family of 3, above \$105,000 for family of 4
 - The figure on the next slide shows the average cost per child, but recall actual cost of care for infants is substantially higher



Share of Family Income for Early Care at \$29,646*/yr when CCFAP is \$25/wk up to 350%

*Weighted average, high-quality cost at ECE centers; Family of 3, One child in care; 100% FPG = \$24,860: 2023



Family Income relative to the Federal Poverty Guidelines (FPG)

Sources: Federal poverty guidelines, HHS; Vermont Department of Children and Families; RAND Report; JFO analysis

JFO/jm; Apr 10, 2023



As an illustration, go about half way to high-quality amount

- Proposed “middle ground” reimbursement amount to early care centers is \$24,265 per child per year on average in 2023 \$\$
 - That amount is about 38.5 percent above current CCFAP reimbursement
- Start family payments of \$25 per week at 185% FPL up to 200% FPL
- CCFAP pays the full amount per child up to 185% FPL
 - Family of 3: \$45,991; Family of 4: \$55,500
- Continue CCFAP reimbursements up to 600% FPL
 - Family of 3: \$149,160; Family of 4: \$180,000



5-star CCFAP Provider Reimbursement Rates, Centers; 2023 \$

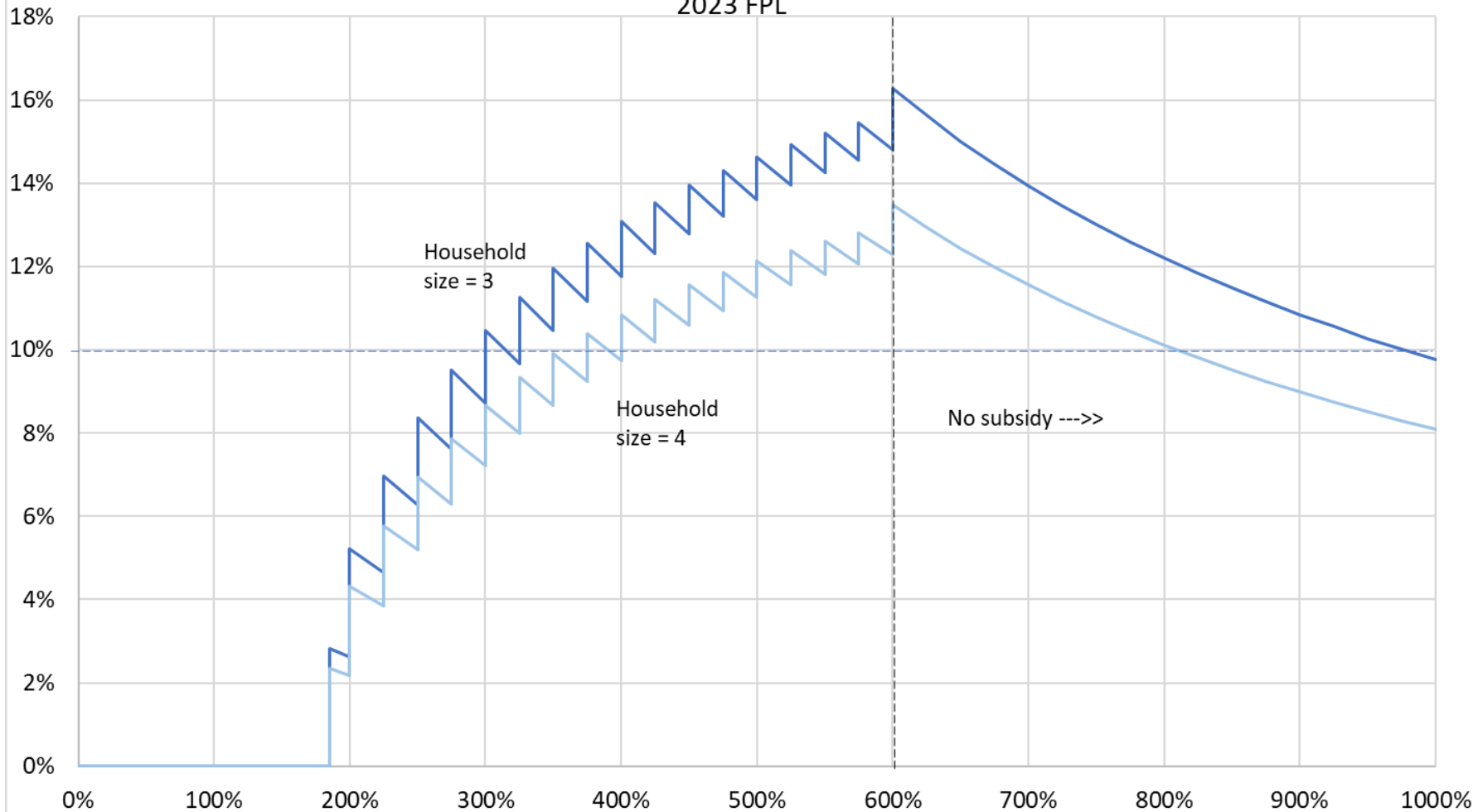
	Annual	Weekly	Ratio
Current avg. CCFAP reimbursement			
Survey, at 75th percentile (up 5.5%)	\$ 18,199	\$350	61%
"Middle ground" avg. reimbursement			
About halfway to RAND high quality	\$ 24,265	\$467	82%
High quality avg. reimbursement			
RAND report	\$ 29,646	\$570	100%



Family Income Share for Centers' Early Care at \$24,265*/yr; CCFAP subsidy up to 600%

*Middle ground betw status quo and HQ; Start \$25/wk at 185% FPL; One child in care;

2023 FPL



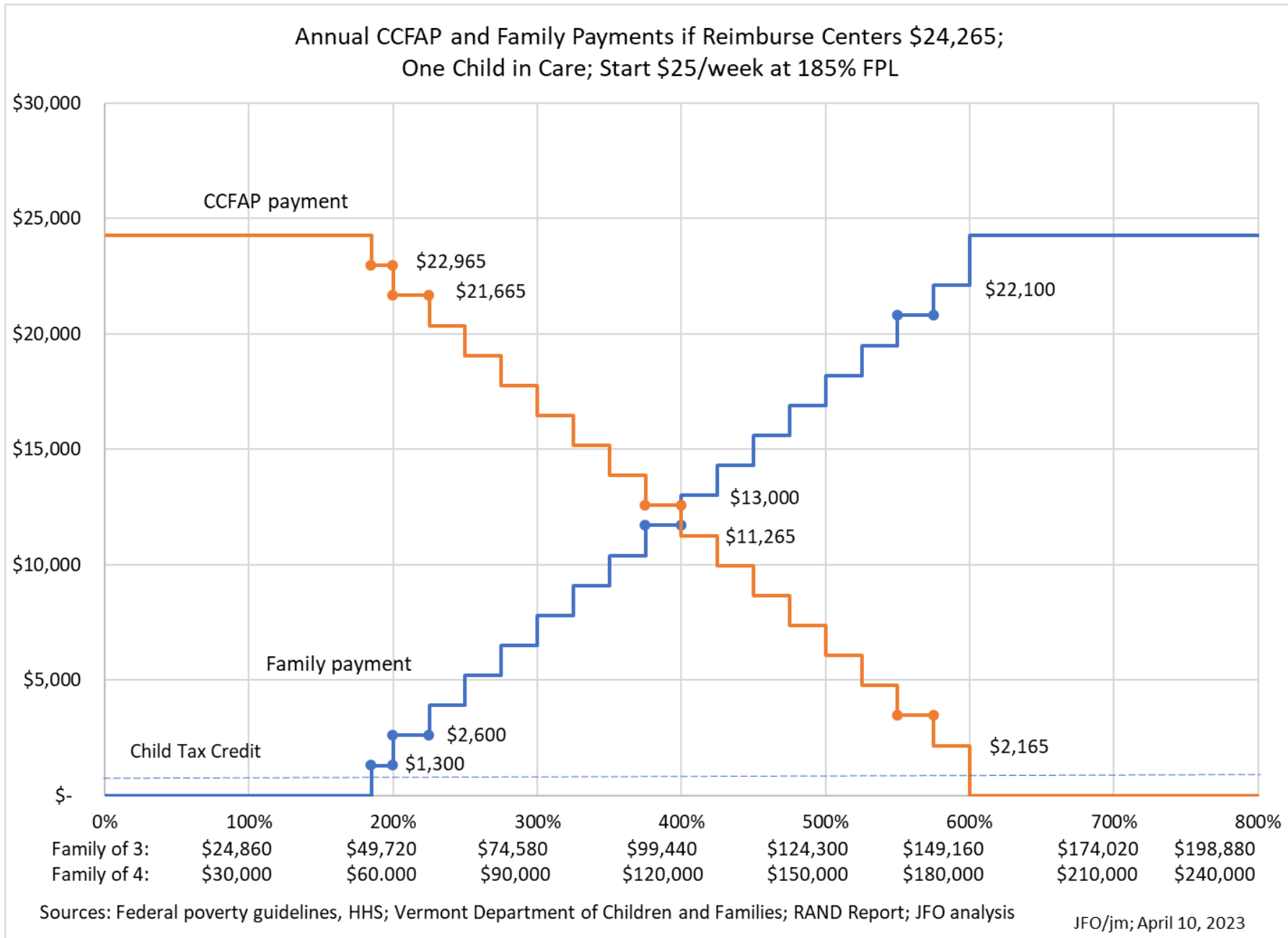
	0%	100%	200%	300%	400%	500%	600%	700%	800%	900%	1000%
Family of 3:	\$24,860	\$49,720	\$74,580	\$99,440	\$124,300	\$149,160	\$174,020	\$198,880			
Family of 4:	\$30,000	\$60,000	\$90,000	\$120,000	\$150,000	\$180,000	\$210,000	\$240,000			

Sources: Federal poverty guidelines, HHS; Vermont Department of Children and Families; RAND Report; JFO analysis

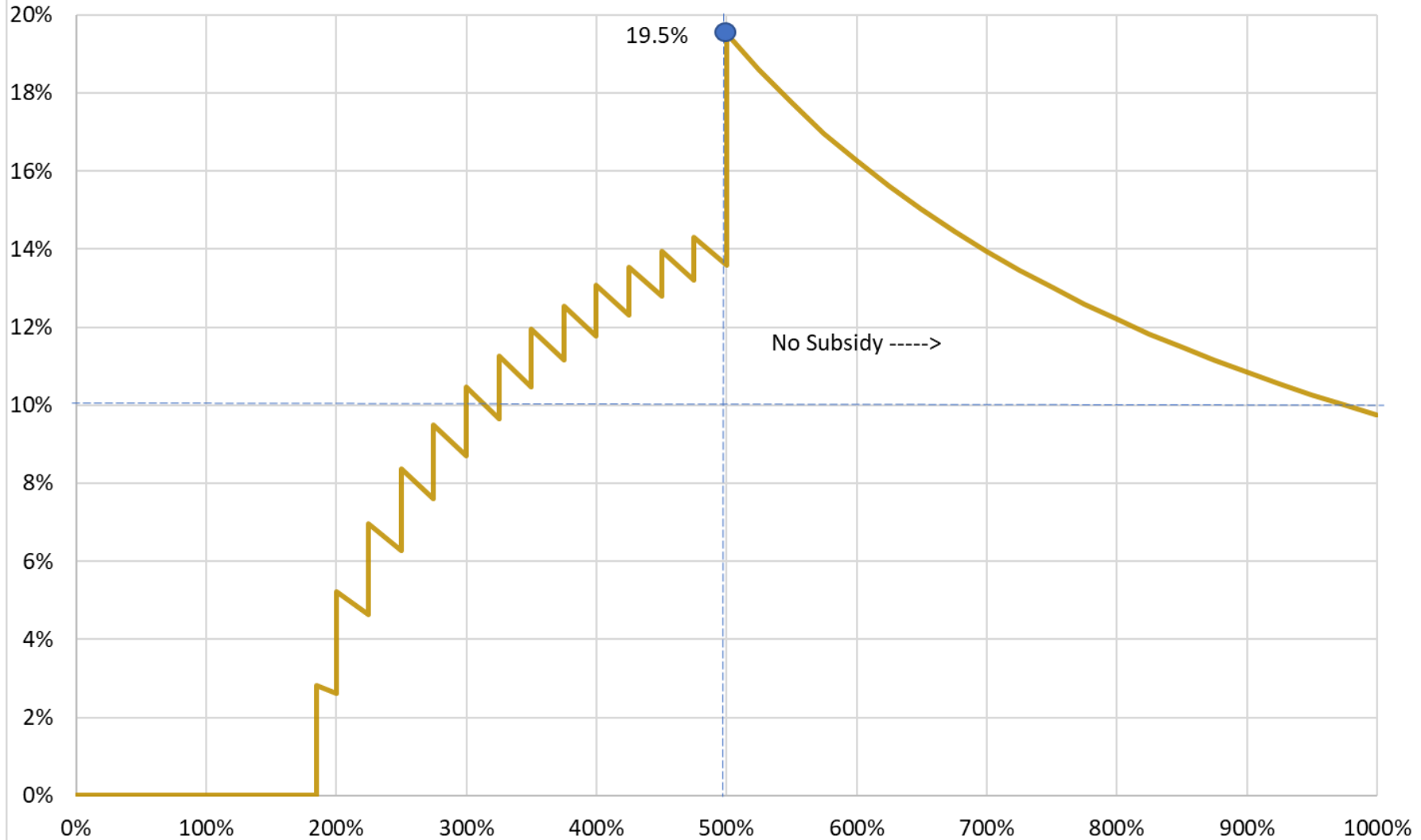
JFO/jm; April 10, 2023



Follow proposed
stairstep:
\$25/week at
185% FPL



S.56 Reimbursement Rates but Stop at 500% FPL; One child in care



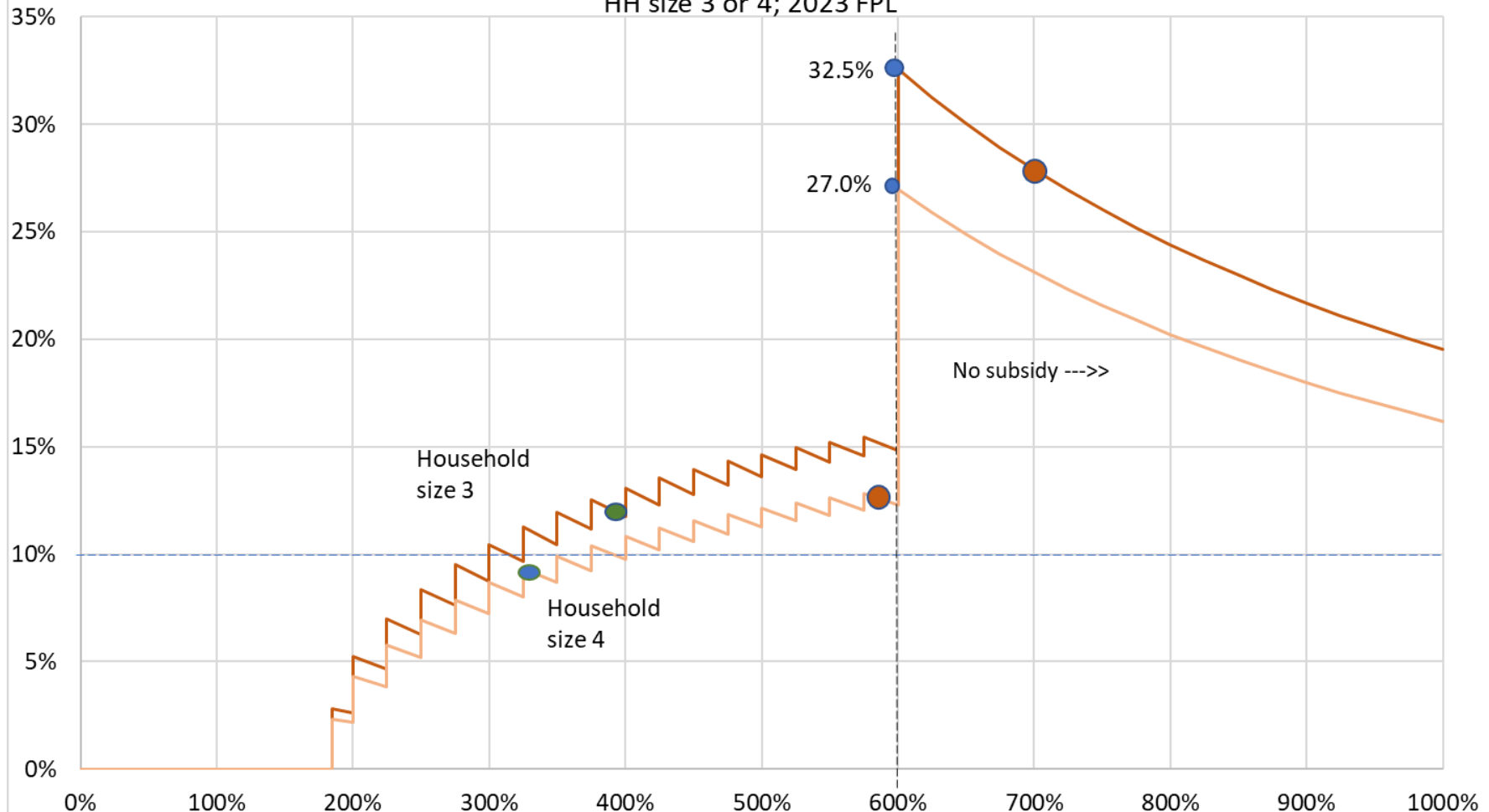
Family of 3: \$24,860 \$49,720 \$74,580 \$99,440 \$124,300 \$149,160 \$174,020 \$198,880

Sources: Federal poverty guidelines, HHS; Vermont Department of Children and Families; RAND Report; JFO analysis

JFO/jm; April 5, 2023



Family Income Share for Centers' Early Care at \$24,265*/yr; CCFAP is \$25/wk up to 600%
 *Middle ground betw status quo and HQ; Start \$25/wk at 185% FPL; Two children in CCFAP;
 HH size 3 or 4; 2023 FPL



Family of 3:	\$24,860	\$49,720	\$74,580	\$99,440	\$124,300	\$149,160	\$174,020	\$198,880
Family of 4:	\$30,000	\$60,000	\$90,000	\$120,000	\$150,000	\$180,000	\$210,000	\$240,000

Sources: Federal poverty guidelines, HHS; Vermont Department of Children and Families; RAND Report; JFO analysis

JFO/jm; April 10, 2023



CCFAP numbers as of Nov 2022					JFO/jm; Apr 10, 2023
Current 0-4		0% to 350% FPL		Statewide Regulated Capacity	
	Infant	1,000		Infants	2,914
	Toddler	800		Toddlers	3,216
	Prek	2,700		PreK	10,877
	Total	4,500			17,007
				Sept 2022 VT CC Provider Data	
	Budget	\$62.75 mil			
S.56 Increased CCFAP Utilization, JFO Estimate					
		0% to 350% FP	350% to 600%	Total Increase	
	Total Increase	2,900	4,800	7,700	
		or 66% increase		171% overall increase	
				Note: not all of this is new caseload to providers; Some move from private pay to part CCFAP, but some is new capacity need	
	Total Estimate			12,200	Combined overall CCFAP caseload
RAND report: 60% of 0-4 children are under 350% FPL					
81% of 0-4 children are between 350% and 500% FPL					
19% of children are above 500% FPL					
		all parents	all mothers	<=350%	>350%
Number of kids in VT, ages 0-4		27,500			
LFP rate (RAND, 2015-2019)		84.3%	78.7%	77.6%	92.6%
among all parents >=1 preschool child					
Potential ECE need		23,183	21,643	21,340	25,465



Multiples of Family Poverty Level

2023



Household Size	100%	150%	185%	200%	350%	400%	450%	500%	575%	600%	700%	800%
3	\$24,860	\$37,290	\$45,991	\$49,720	\$87,010	\$99,440	\$111,870	\$124,300	\$142,945	\$149,160	\$174,020	\$198,880
4	\$30,000	\$45,000	\$55,500	\$60,000	\$105,000	\$120,000	\$135,000	\$150,000	\$172,500	\$180,000	\$210,000	\$240,000
5	\$35,140	\$52,710	\$65,009	\$70,280	\$122,990	\$140,560	\$158,130	\$175,700	\$202,055	\$210,840	\$245,980	\$281,120
6	\$40,280	\$60,420	\$74,518	\$80,560	\$140,980	\$161,120	\$181,260	\$201,400	\$231,610	\$241,680	\$281,960	\$322,240

<https://aspe.hhs.gov/poverty-guidelines>



Thank you!

