
**Report to
The Vermont Legislature**

**Report on
Child Care Financial Assistance Program Adjustments**

In Accordance with 2018 Special Session Act 11 Sec. E.318.1 (b)

Submitted to: Joint Fiscal Committee

**Submitted by: Sean Brown, Commissioner
Department for Children and Families**

**Prepared by: Melissa Riegel-Garrett, Policy Director
Child Development Division**

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Child Care Financial Assistance Program Adjustments

An analysis of the Child Care Financial Assistance Program (CCFAP) income guidelines as compared to changes to the Vermont Minimum Wage for January 2021 and January 2022 was conducted in October 2020. An adjustment to the CCFAP income guidelines is needed to maintain eligibility levels for workers earning the increased minimum wage as of January 2021 and again in January 2022.

No additional investments in FY21 are needed to account for this change in income guidelines. The COVID-19 pandemic is impacting current caseloads in the CCFAP program; therefore, the program can absorb the cost of changing the income guidelines to maintain eligibility levels for workers earning the increased minimum wage as of January 2021.

In FY22 and FY23, if caseloads return to Pre-COVID levels, additional investments will be needed to sustain any FY21 adjustments to the CCFAP income guidelines to maintain eligibility levels for workers earning the increased minimum wage.

	FY22	FY23
Cost to maintain benefit level due to minimum wage change (If COVID-level utilization continues, no investment is needed)	\$650,000	(+) \$773,000
Investment needed if caseloads return to Pre-COVID levels	\$928,000	(+) \$1,104,000

Assumptions and Data:

- The state's minimum wage has increased based on the Consumer Price Index, a measure of inflation. The change will be from \$10.96 to \$11.75, effective January 1, 2021; and from \$11.75 to \$12.55 effective January 2022.
- The Child Care Financial Assistance Program income guidelines changed on October 25, 2020 which increased the amount of child care subsidy families were eligible to receive.
- Family's eligibility in other areas will remain the same, such as marital status or family size.
- Child Care Financial Assistance Program income guidelines and rates will remain the same for calendar year 2021.