

3.2.

RESTRUCTURING VERMONT'S CHILD CARE FINANCIAL ASSISTANCE PROGRAM

September 10, 2009

**WHAT PROMPTED THIS
PROPOSAL?**

NON-COMPLIANCE WITH FEDERAL GUIDELINES

- “Fee Scale” Guidelines based on the income guidelines in the year 2000 (vs the year 2009)
- Rates allow access to 41% of providers rather than 75% of providers. (Access defined as allowing a family eligible for a 100% subsidy to access care in 75% of providers without co-pay.)

INCREASE IN VARIANCES

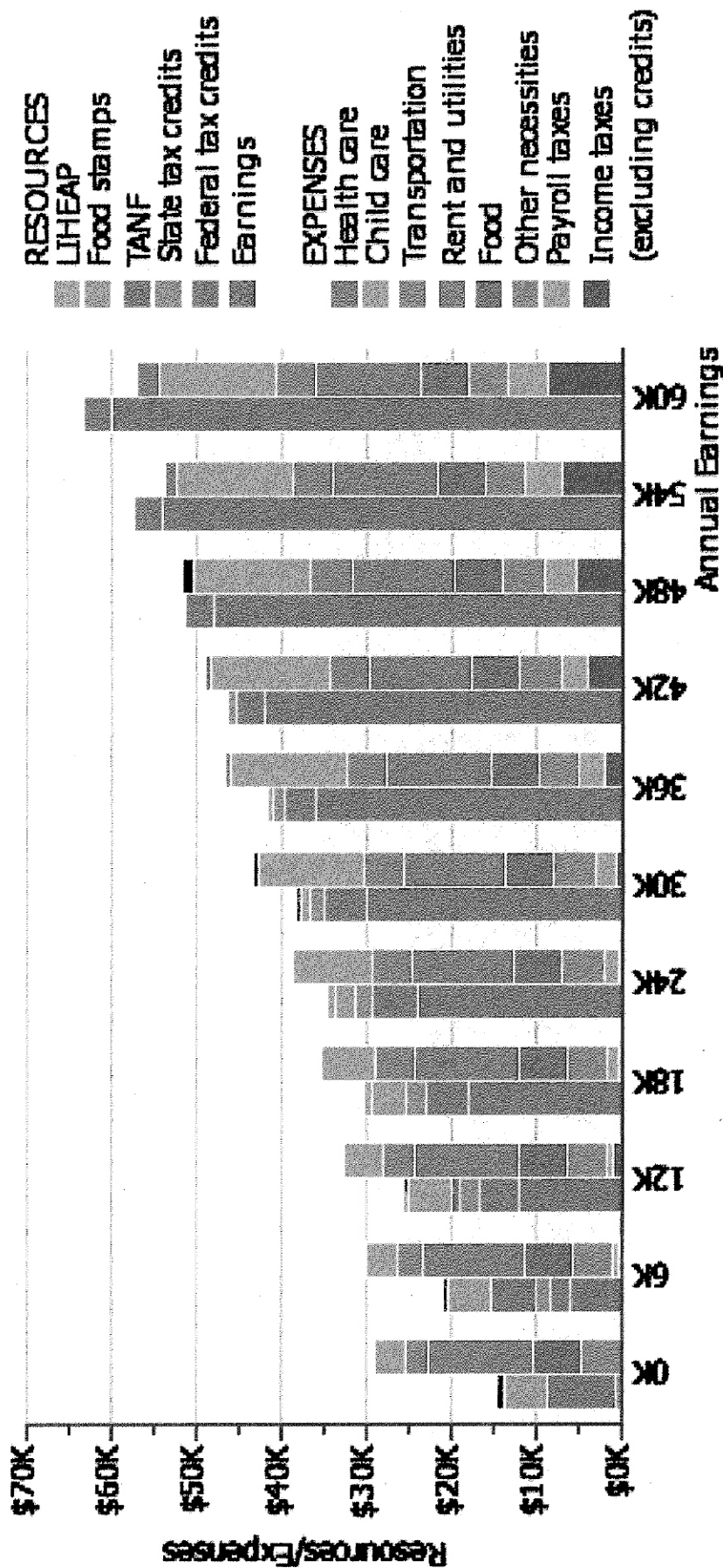
- Number of variances increased from 350 in 2007 to over 650 in 2008, creating significant budget pressures and serious inequities.
- Efforts to restrict access to variances has produced significant crisis for many families.

DISINCENTIVES TO WORK

Recent study “Work Supports in Vermont:
An Analysis of the Effectiveness of State
Policies Supporting Work” completed by
the National Center for Children in Poverty

Number one recommendation for Vermont is
to address the issues around child care
assistance.

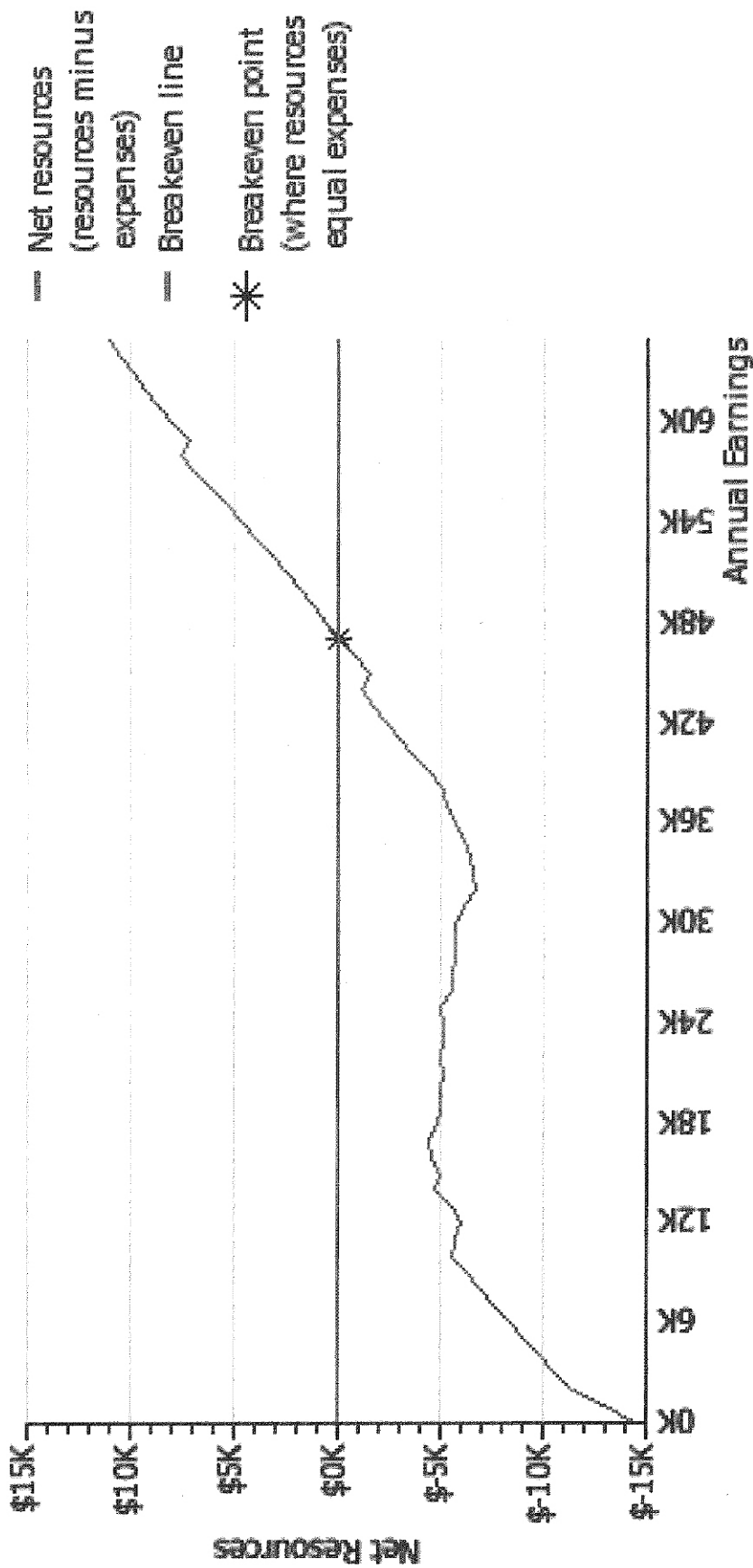
Family Resources and Basic Expenses



© National Center for Children in Poverty

Family Resource Simulator, Vermont 2008 (Results reflect user choices.)

Net Family Resources (resources minus expenses)



© National Center for Children in Poverty

Family Resource Simulator, Vermont 2008 (Results reflect user choices.)

FY '10 BUDGET

New dollars allocated—

**\$4,800,000 new expenditures--\$3.3M GF
and \$1.5M ARRA.**

Creates opportunity for progress.

PLANNING PROCESS

- | | |
|------------------------------------|-----------|
| • Proposal developed | May |
| • Input meetings (Over 300 people) | May/June |
| – Child Care Advisory Council | |
| – BBF State Council | |
| – 12 AHS Regions | |
| • Meeting with KP1 | July |
| • Revision of Plan | July |
| • Version 2 published on web | August |
| • Meeting with KP1 public meeting | August |
| • Final Version | August 21 |

**PROPOSAL TO RESTRUCTURE
VERMONT'S
CHILD CARE
FINANCIAL ASSISTANCE
PROGRAM**

GOALS

- Increase access, affordability, and quality of child care
- Align Vermont's rates and eligibility requirements with federal guidelines
- Reinforce provider incentives to achieve quality
- Increase work incentives
- Increase fairness and equity
- Sustain highly specialized providers

BASIC ELEMENTS OF PROPOSAL

ADJUST FEE SCALE TO 2009 INCOME STANDARDS

- Eligibility for maximum state benefit moves from \$14,148 for a family of three to \$18,300 and from \$17,040 for a family of four to \$22,044.
- Average benefit increases of 15%
- Adjust top of fee scale from 82.5% of SMI to 200% of FPL. No one loses eligibility.

INCREASE RATES IN REGULATED FACILITIES

Sample weekly rates for Infants in Licensed Care:

	Current	New
5 STARS	155	192
4 STARS	152	178***
3 STARS	144	164
2 STARS	139	150
1 STAR	134	144
BASE RATE	129	137

PROTECTIVE SERVICES, FAMILY SUPPORT, AND SPECIAL HEALTH NEEDS

- Add 7% differential on top of approved rate for that facility.
- For example:

Provider A-- 3 stars, serving PS infant

Current-- \$144/week plus 15% (on base rate for infants) or \$163/week.

New plan-- \$165/week plus 7% (on that rate) or \$177/week.

PRE-K

Act 62 is just now emerging. Too early for system adjustments.

Additional school funding provides resources for licensed teacher and other increased standards.

DCF and DOE will continue to analyze connections between two funding mechanisms.

ELIMINATION OF SPECIAL ARRANGEMENTS

- Reserved Spaces Agreements
- Infant/Toddler Grants
- Variancees

CREATION OF NEW STRENGTHENING FAMILIES GRANTS

- Center Based
- High Quality Criteria
- Full Day Services
- Serve high needs children
- Provision of specific services
- FY'10 Priority consideration for those losing Reserved Spaces or Infant and Toddler Grants

WHAT THIS PLAN ACHIEVES

- Addresses benefits cliff—dramatic change in benefits for families
- Increases accessibility to care
- Begins to align VT with federal guidelines
- Increases equity and fairness
- Promotes quality