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Statewide Meeting to Discuss Changes to Vermont's Child Care Financial Assistance (Subsidy) Program

August 13, 2009

Summary

Present: Elizabeth Raposa, Ellie Gilman, Katie Martin, Jen Golding Hayes, Carol Barbieri, Lynne Teker, Kelly Belville, Connie Zwick, Rebecca Schubert, Wendy Love, Sherry Carlson, Johanna Varzy, Lee Lauber, Sonja Raymond, Maureen Danielczyk, Tammy Santamore, Sarah Tilden, Tammy Ryea, Barbara Postman, Kelly Ault, Kris Hoffman, Melissa Riegel-Garrett, Melissa Bocash, Laurie Hayford-Saborowski, Kathie Mercia, Sharon Halnon, Jennifer Hayes, Ann Dillenbeck, Kim Friedman, Rep. Patsy French (Randolph), Rep. Sandy Haas (Rochester), Rep. Michael Fisher (Lincoln), Rep. Bill Frank (Underhill)

DISCUSSION OF DCF'S PROPOSED CHANGES

Overall, meeting participants found the discussion helpful and expressed appreciation for how receptive Commissioner Dale has been to ideas generated over the past several months. Specifically, meeting participants were pleased about the proposed rate increase; updating of the income eligibility levels; and the proposed grant program to ensure that programs serving high-need populations remain viable.

Steve Dale, Commissioner of the Department for Children and Families, gave an overview of version #2 of the Department's proposed changes to the Child Care Financial Assistance (Subsidy) Program. Below are highlights from version #2:

- 1) DCF estimates that the new income eligibility guidelines would permit Vermont to serve at least 300 more children.
- 2) The "base rate" as described in the proposal would become the minimum rate that providers can charge families, including those not receiving a child care subsidy.

3) If a provider is in a region where the “base rate” is higher than what the provider is charging parents, then providers would need to use the quality differential to help cover the difference between the base rate and tuition charged.

4) Current agreements and certificates for subsidy will be extended until the end of 2009. DCF’s goal is to provide new certificates by January 3, 2010, for all families receiving a subsidy.

Several points, concerns and questions were raised:

Quality Differential

Concerns

Under the new proposal, the quality differential would have to be applied to help offset parents’ co-payment. This raised numerous concerns:

- 1) Historically, many centers have used the STARS bonus to pay for quality enhancements, such as costs associated with professional development. In those situations, these funds have not been used to offset parents’ tuition. This requirement would have a significant financial impact on the operating budgets of programs that have not used the STARS bonus in that way.
- 2) This requirement would be a disincentive for some programs to participate in the STARS program. It was noted, however, that this requirement would be very beneficial to subsidy parents unless programs decide to increase their tuition rates.
- 3) It was noted there is inconsistency from region to region in terms of (a) whether subsidy parents are required by the early childhood program where their child is enrolled to pay a co-payment and (b) whether the quality bonus is used to pay for quality enhancements or applied to parents’ tuition.

Suggested Solution: Continue to permit programs that receive a quality differential to use those quality funds for quality enhancement and/or tuition reduction.

Strengthening Families Grants

Concerns

- 1) The proposed eligibility criteria for these grants currently stipulate that programs must have at least 30% enrollment of children receiving child care financial assistance. However, many programs’ enrollment of subsidized families is well under 30%, largely because the Child Care Financial Assistance Program’s income eligibility guidelines have been out-of-date for many years, thus disqualifying many families who would qualify under the new guidelines being proposed by DCF. The state’s budgetary constraints are another factor: The number of families who receive Family Support (FS) Child Care has decreased, which impacts the overall number of children served by the Child Care Financial Assistance Program.

- 2) There was some concern voiced about the viability of programs that have previously had reserved spaces agreements but may not meet the criteria for the new grant program. Commissioner Dale noted that for the first round of grant approval, previous agreements would be taken into consideration.
- 3) The proposed eligibility criteria for these grants currently stipulate that programs must serve infants, toddlers and preschoolers. Some meeting participants noted that there are programs that do not fit that criteria for a variety of reasons but have been providing key services through the reserved spaces agreements. In some cases (e.g., Chittenden County), centers collaborate to serve the same families.
- 4) There was some concern that the key objective for the reserved spaces agreements – ensuring continuity for hard-to-serve children – may not be met with the new program.
- 5) It was noted that some programs are currently drawing Medicaid dollars into the system with a match when they provide services to Medicaid eligible children. These dollars will be lost if those centers can no longer serve those children because they no longer have the reserved spaces agreement or a grant.

Suggested Solutions: In the RFP for these grants,

- Ask applicants how many families receiving child care financial assistance are currently served by the program and how many would qualify under the new proposed guidelines but are not currently being served.
- Consider the impact of the applicant’s programs/services on the broader community; ask them to address this specifically; consider having an “essential community provider” designation.
- Consider allowing for a group designation to reflect the blending of services from more than one center so that the centers as a group will be able to meet the criteria.
- Be more specific wherever possible about all the criteria. For example, must programs serve all age groups (infants, toddlers and preschoolers) to be eligible?

Increases to the Base Rate

Concern: The proposed increase to the base rate is a welcomed step in the right direction. However, it should be noted that even the rate for 5-STAR programs does not come close to meeting actual costs.

Recommendation: Continue to move incrementally towards aligning rates with actual costs.

DISCUSSION OF COALITION'S NEXT STEPS VIS-À-VIS DCF'S PROPOSED CHANGES

1) DCF was taking input on the new version of the proposal on-line (see Kids are Priority One email that went out last week after the meeting). The deadline was August 16th.

2) Rep. Michael Fisher pointed out that we can share our concerns and recommendations with legislators who will be reviewing DCF's proposal. After version #3 is released, the Kids Are Priority One staff will send an update to the coalition's e-network regarding suggested next steps.

DISCUSSION OF COALITION'S PRIORITIES FOR 2010 LEGISLATIVE SESSION

1) Assuming that much of the proposed change goes into effect in January, 2010, the Child Care Financial Assistance Program still needs additional funding to:

- Update income eligibility guidelines to 2010 federal poverty level.
- Raise income eligibility guidelines from 200% to 250% or 300% of the federal poverty level (note: families at 300% of federal poverty level are still struggling).
- Increase the base rate.
- Add more funds to the new grant program.
- Increase funding for the STARS program for technical assistance/support, more evaluators, etc.

2) Other issues requiring additional funds were also cited:

- Increase the number of child care licensors (caseloads are far above recommended levels).
- Fill any "holes" left when federal stimulus money runs out (although it might be filled by an increase in the federal Child Care and Development Block Grant).
- Increase enforcement behind licensing.
- Monitor more carefully the quality at centers that are closed due to a licensing violation and then re-open.
- Address the need for support services to families in crisis (due to refugee status, health problems, economic situation, etc.).

The need to engage in better long-term planning overall was also mentioned. (It was noted that this is one of Building Bright Futures' functions).

3) Next steps identified:

- *Advocates can:*
 - Subscribe to receive a regular federal update (go to www.naeyc.org or www.nwlc.org).
 - Continue to make the connection between child development and economic development when talking with policymakers and the business community.
 - In keeping with what we know about messaging from the FrameWorks Institute, be mindful to avoid talking about a “crisis.”
 - Consider the impact of a possible flu epidemic on the workforce.
 - Continue to let legislators know that there is not enough money to meet the needs of Vermont’s young children and their families.

- *Kids Are Priority One staff were asked to:*
 - Continue to work with the Child Care Advisory Board as it begins discussions about its 2010 recommendations to the Governor.
 - Initiate a discussion about whether to hold another Virtual Strike.
 - Send out an update on strategy for the coalition’s Child Care Financial Assistance Campaign.
 - Consider convening another statewide meeting to discuss legislative priorities.
 - Engage family child care providers in a discussion about priorities.
 - Use the Starting Points networks and the Building Bright Futures regional councils to get feedback from all the regions.
 - Survey people about their priorities.

Stay tuned! The Kids Are Priority One staff will discuss these ideas with our Subsidy Work Group and with you through the BBF regional councils. We will keep you updated through our e-network.

For more information about this meeting summary, contact:

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