

RESTRUCTURING VERMONT'S CHILD CARE FINANCIAL ASSISTANCE PROGRAM PROPOSAL

8/21/09

AUGUST, 2009

GOALS

- Increase access, affordability, and quality of child care
- Align Vermont's rates and eligibility requirements with federal guidelines.
- Reinforce incentives to achieve quality
- Increase work incentives

OVERALL APPROACH

Restructure the Child Care Financial Assistance program, using funds appropriated for FY'10, to improve access and affordability to quality child care.

BASIC ELEMENTS OF THE PROPOSED SYSTEM

- Update the fee scale to the 2009 Federal Poverty Level (FPL), adjusting the upper income limit from 82.5% of 2000 state median income (SMI) to 200% of the 2009 FPL, effective January, 2010. See attachment A for proposed new fee scale.
- Increase financial assistance rates for families to regulated facilities' based on STARS rating. Proposed new rates provide payment at the 75th percentile rate when a facility is between 4 and 5 stars. Rates in all categories are increased. STARS differentials are as follows:

Base Rate	
One Star	5% over base
Two Stars	10% over base
Three Stars	20% over base
Four Stars	30% over base
Five Stars	40% over base

See Attachment B for proposed rate schedule.

- Change the rate differential for Protective Services/Family Support/Special Health Needs to 7% of approved rate.
- Because the pre-K system is still emerging, there will be no financial assistance reduction related to pre-K payments through a school. It is assumed at this time that additional funding will go to pay for quality and higher standards required by the Act 62 Regulations. DCF will continue to coordinate with DOE around this issue.
- Cease the current system of variances.
- Eliminate reserve spaces and infant/toddler grants. Maintain the current system of school age grants.
- Create a Strengthening Families Grant Program to help high quality providers who work with high needs children and families and provide infant care to maintain program strength and continuity of care for children. A more complete description of the program is in Attachment C. Over time this program will be structured to be widely available to programs which meet the particular criteria. In the first 18 months, the program will prioritize programs which are losing reserved spaces agreements and infant/toddler grants. Those programs must meet all quality standards, must provide the quality and quantity of services described in the description, and must show that there is financial need for grant assistance based on the implementation of the new system. This is not an entitlement or a guarantee of a certain funding level.

TIMETABLE

With appropriate legislative approval, all aspects of this plan are proposed to be implemented on January 3, 2009.