



FY2020 Child Care Assistance Update

*Presentation to the Board of Early Education and Care
March 10, 2020*



FY20 Child Care Subsidy Spending

➤ Mid-Year Caseload Analysis FY2020:

- EEC has maintained voucher and contract access throughout FY20.
- Fully supported two initiatives introduced in late FY19 (DTA Relative Care and DCF Short Term Placement Care)
- In October, the Board approved a rate increases for our Center Based providers:
 - \$0.82 increase to the daily add-on rate, bringing the rate from \$18.22 to \$19 (9% of rate reserve funds).
 - Increase the 17 Center Based rates that are below the 30th percentile from the 2018 Market Rate Survey to be equal to the 30th percentile rate (14% of rate reserve funds).
 - 3.52% across the board rate increase to all Center Based Rates and the FCC System Administration Rate. The same percentage increase will be applied to all age groups and regions (77% of rate reserve funds).
- Despite open access and rate increases, EEC was projecting a FY20 Caseload surplus of at least \$11M after December billing (November services). However, EEC suspected this surplus would grow in the same manner as the past few years.

FY20 Additional Financial Commitments



- After February billing (January services) the FY20 surplus trend further conforms to the three few years. We are now projecting a FY20 surplus of **\$20M-\$22M** without immediate changes to the financial assistance structure.

- **\$7.6M** of anticipated surplus will fund the recently negotiated SEIU contract with our FCC providers.

- After accounting for the FCC investments there will likely remain a FY20 surplus of at least **\$12.4M-\$14.4M.**

- EEC has identified two areas to account for the anticipated surplus:
 - Increasing access to homeless families
 - Additional across-the-board rate increase



FY20 Proposed Adjustments

Proposal to Ensure Distribution of the Caseload Account Funding:

1. Additional 1% Increase for All Providers. This is in addition to the 3.52% rate increase for Center Based already approved by the Board and the 3.52% rate increase agreed upon between EEC and SEIU for FCC providers.
 - Cost for Center Based would be \$4.4M
 - Cost for FCC Providers would be \$1.6M
2. Implement policy change that would allow Homeless families immediate access to Income Eligible Child Care
 - Prioritization will not impact enrollment of children from the waitlist.
 - Currently, there are 225 children categorized as homeless on the EEC waitlist but there may be more identified once the policy change is made.
 - Adjustments to the policy can be made prior to FY21 if there are unexpected financial impact in FY20.