

ARPA Fiscal Recovery Funds – Governor’s “Down Payment” Proposal

Staff Presentation to the House Finance Committee
November 16, 2021

Down Payment Proposal

- On October 7, Governor McKee requested approval for a plan for use of \$113 million ~ 10% of RI 's fiscal recovery fund allocation
 - Business and Tourism - \$45.0 million
 - **Services to Children - \$38.5 million**
 - Housing and Broadband - \$29.5 million
- Now contained in 2021 - H 6494

Down Payment Proposal

- The request contains 2 pages of draft legislation and a 10 page supporting memo further describing the programs
 - As with traditional budget requests discussions with the Budget Office and related agencies enhance understanding of intent and implementation plans for specific proposals

Down Payment Proposal

- 11 distinct proposals within the 3 categories
 - Tonight's hearing covers services to children proposals

Item #	Name	Amount
2	Child Care Initiative	\$13.0
3	DCYF Provider Workforce Stabilization	12.5
5	Early Intervention Recovery	5.5
7	Pediatric Healthcare Recovery	7.5
	Total	\$38.5

\$ in millions

COVID-19 Relief

- 6 federal acts enacted to address crisis
 - Coronavirus Preparedness & Response Supplemental Appropriations – March 6, 2020
 - Families First Coronavirus Response – March 18
 - CARES – March 27
 - Paycheck Protection Program & Health Care Enhancement – April 24
 - Consolidated Appropriations Act – Dec 27
 - American Rescue Plan Act – March 11, 2021

COVID-19 Relief

- Federal acts include funding for
 - State and local budgets
 - Strings and limitations
 - Individuals
 - Direct stimulus payments
 - Optional tax changes
 - Businesses
 - Loans
 - Optional tax changes

COVID-19 Relief

- American Rescue Plan Act of 2021
 - Signed March 11, 2021
 - Same day Governor submitted his budget
 - \$360 billion to state & local governments
 - \$1,400 refundable tax credits to individuals
 - Extends enhanced unemployment insurance benefits until September 6, 2021
- FMAP enhanced rate through at least end of 2021 – federal admin action

COVID-19 Relief: Education

- ARPA adds much more with same waiver as 5th stimulus but additional rules

Education Funds	CARES	CAA	ARPA	Total
Governor's Fund	\$8.7	\$11.0	\$5.1	\$24.8
K-12 Fund	46.4	184.8	415.0	646.2
Higher Education Fund	29.5	51.5	90.8	171.8
Total	\$84.6	\$247.3	\$510.9	\$842.8

\$ in millions

COVID-19 Relief

Other American Rescue Plan Act Items of Note	RI Share
Students w/ Disabilities & Homeless Youth	\$13.6
Childcare Block Grant & Provider Stabilization	94.4
LIHEAP	30.8
Head Start	3.0
Emergency Assistance for Children & Families	2.7
Supportive Services/Congregate Meals	7.7
Testing/Vaccine	112.0
Mental Health Centers/Behavioral Healthcare	35.3
Transit	29.5

\$ in millions; Data from *Federal Funds Information for States* as of May 25, updated from prior presentation

American Rescue Plan Act

- State & Local Fiscal Recovery Funds
 - RI to get \$1.8 billion over 2 years
 - \$1,131.1 million to the state
 - \$112.3 million for capital project expenses
 - \$536.8 million to locals
- Use spans several state fiscal years
 - Must obligate by Dec. 31, 2024 - **FY 2025**
 - Funded projects must be completed by Dec. 31, 2026 - **FY 2027**

ARPA State Fiscal Recovery Funds Timeline

FY 2021: March 2021 ARPA becomes law

- \$1,131M - fiscal recovery funds
 - May 2021 interim final rule
 - June 2021 compliance & reporting guidance
 - July 2021 (FY 2022) most recent FAQs updated
 - Dec. 31, 2024 funds must be obligated by (FY 2025)
- \$112M capital projects fund
 - Sept. 2021 guidance
 - Sept. 24 application opens
 - December 27, 2021 deadline to request funding (FY 2022)
 - September 24, 2022 deadline to submit grant plan (FY 2023)

FY 2027: All funds must be spent by December 31, 2026

State & Local Fiscal Recovery Funds

A. Respond to the public health emergency (PHE) and its economic impacts

B. Respond to workers performing essential work during COVID-19 PHE by providing premium pay to eligible workers

**ARPA specifies
four eligible
uses**

C. Provision of government services to the extent of the reduction in revenue due to the COVID-19 PHE

D. To make necessary investments in water, sewer or broadband infrastructure

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Subsidized Child Care

- State provides subsidized child care
 - Rhode Island Works recipients
 - Low income families
 - At or below 180% of poverty - \$40k family of 3
 - Income can increase to 225% before ineligible
 - 2021 Assembly established pilot expansion to assist those enrolled at URI, RIC or CCRI
 - Fall caseload testimony indicates 8 participants
 - Families have 12-mo. continuous eligibility
 - There is a minimum of three months of continued eligibility when families lose employment

Subsidized Child Care

- Maximum weekly rates set in statute
- Some families have co-pay
 - Families between 100% and 225% of FPL
 - 2021 Assembly capped copay at 7% of family income – had been 14%
 - Families receiving RI Works on behalf of a child
- Families that do not have co-pay
 - RI Works participants with child care as a supportive service
 - Homeless families applying for assistance
 - Those with income below 100% of FPL

Subsidized Child Care

	FY 2019	FY 2020	FY 2021	FY 2022 Nov CEC	FY 2023 Nov CEC
Subsidies	9,099	8,724	5,616	6,272	8,500
Annual cost per subsidy	\$7,678	\$7,705	\$9,843	\$9,700	\$9,500
Total	\$69.9	\$67.2	\$55.3	\$60.8	\$80.8

Total in millions

Subsidized Child Care

CCAP Provider Type	Entities	Children	Entities	Children
	<i>FY 2019</i>		<i>As of 8/2021</i>	
Center Based	347	6,915	257	4,157
Family Based	469	2,184	262	1,258
Total	816	9,099	519	5,415

Child Care Initiative

- Governor proposes \$13.0 million for two components

Child Care Initiative	Total
Pandemic Retention Bonuses	\$12.7
Family Child Care Providers	0.3
Total	\$13.0

\$ in millions

Child Care Initiative

- Pandemic Retention Bonuses - \$12.3M
 - \$2,000 payments available to 8,200 full & part-time childcare employees
 - \$1,000 payments over two 6-month periods
 - Assumes 6,150 child care workers will apply
 - 75% of eligible workers
 - Workers must stay in workforce at least 6 months
- Implementation costs - \$0.4 million
 - Technical assistance, marketing supports, compliance & reporting
 - Assumes “fiscal intermediary” hired for all tasks

Child Care Initiative

- Start-up costs for family providers - \$0.2M
 - Assumed to help establish 100 new providers
 - 800 potential new placements
 - Maximum of 8 children per provider
 - Insurance, inspections and related expenses
 - Bill authorizes waiver of \$100 DHS license fee & \$50 background check through DCYF
- Administrative costs - \$0.1 million
 - Technical assistance and support
 - Assumes contracted “fiscal intermediary”

Pandemic Retention Bonuses

Timeline		Months
1- 2 months	Engage fiscal intermediary	December & January
2-3 months	Develop program design in partnership w/ child care community	January & February
3-4 months	Launch 1 st round of awards	February & March
8-9 months	Launch 2 nd round of awards six months after round 1	July & August (FY 2023)
11-12 months	Report on program outcomes	Nov. & Dec. (FY 2023)

Family Child Care Providers

Timeline		Months
1- 2 months	Engage fiscal intermediary	December & January
2-3 months	Develop program design	January & February
3+ months	Distribute grants on rolling basis	February on

Child Care Initiative

- Legislation reads “... \$12,700,000 shall be allocated to pay semiannual retention bonuses for direct care staff at childcare centers and licensed family providers in response to pandemic-related staffing shortages. ... \$300,000 shall be reserved for family childcare incentive start up and technical assistance grants.”

Federal Relief Programs

Federal Assistance	CCDF Block Grant	Stabilization Grants	Total
CARES	\$8.2	\$ -	\$8.2
CAA	23.9	-	23.9
ARPA	37.1	57.3	94.4
Total	\$69.2	\$57.3	\$126.4

\$ in millions

Child Care Relief

- \$18.3 million from CAA spent in FY 2021
 - \$17.9 million distributed to child care providers
 - To offset expenses incurred from the pandemic
 - \$0.4 million for fiscal intermediary (PCG)
 - Supported child care providers through the grant process & disbursed funds
 - Funding awarded to 769 providers – 94% of those eligible for funds
- Bulk of CCDF used for caseload
 - Copays waivers, enhanced payment rates

Child Care Stabilization Fund

- FY 2022 budget includes \$57.3 million
 - \$56.1 million for stabilization grants + admin
 - Eligible uses include:
 - Personnel costs, employee recruitment & retention
 - Rent or mortgage, insurance, utilities, facility maintenance & improvements
 - Personal Protective Equipment
 - Mental health supports for children and employees
 - Services that maintain/resume child care activities
 - Equipment or supplies related to COVID-19

Child Care Stabilization Fund

Provider Type	Monthly	Payment Amount
Child Care Center	Varies based on classroom & capacity. Grants start at \$4,500 per classroom	Centers – may receive up to 6 monthly grants. May be a 10% staff bonus in the 2 nd round. Grants capped at \$50,000 per center/per month
Family Child Care Home	\$2,000	\$12,000*
Group Family Child Care Home	\$3,000	\$18,000*
License-exempt provider	\$400	\$2,400*

**6 monthly grants in 1 lump sum payment*

ARPA Child Care Stabilization

- Child Care Stabilization Grants - \$57.3M
 - Round 1: Applications Oct. 20 to Feb. 4, 2022
 - 3 monthly grants in one payment
 - Round 2: January 2022 to April 2022
 - 3 monthly grants and 10% staff bonus in 1 payment
March through May – reporting
 - Funds will be distributed from the fall of 2021 through spring 2022

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Placements & Services- Overview

Division	Populations	Services	Funding
Child Welfare	Children under DCYF direct supervision Families in need of services	<ul style="list-style-type: none"> • Foster Care • Residential <ul style="list-style-type: none"> • VEC • Adoption/ • Guardianship <ul style="list-style-type: none"> • Home & community based 	State & Federal, incl. Medicaid & Title IV-E
Children's Behavioral Health			
Juvenile Corrections	Youth adjudicated through Family Court	Training School	State & Federal

DCYF Provider Workforce Stabilization

- Governor proposes payments to staff of service providers under contract with DCYF - \$12.5M
 - Assist with staff retention and hiring issues
 - Currently resulting in capped capacity, closed facilities, waiting lists for community-based and congregate care programs

DCYF Provider Workforce Stabilization

- DCYF survey of providers
 - 97% response rate

Provider Staffing	
Number of FTEs w/ salaries under \$75k	1,274
Vacancies in March 2020	183
% of Positions Vacant	14.4%
Vacancies in October 2021	350
% of Positions Vacant	27.5%

DCYF Provider Workforce Stabilization

In-State Residential Placement Capacity - Partial				
Facility Status	# Sites	Feb 2020 Beds	Current Beds	Diff.
Permanent Closure	3	24	0	(24)
Site Suspension	4	29	0	(29)
Temp Bed Reduction	14	170	120	(50)
Site Not Affected	15	120	120	-
Total	36	343	240	(103)

DCYF Provider Workforce Stabilization

- Applies to employee earning < \$75,000
 - Retroactive to July 1, 2021
 - Assumes 1,500 eligible staff of provider organizations
- \$694.50 per employee per month
 - Based on potential for a 3-year program
 - Federal cap of \$25,000 across three years
 - FY 2022 – FY 2024
 - Proposal assumes funding for only FY 2022

DCYF Provider Workforce Stabilization

Basis for Provider Monthly Rate	
Max payment over 3 years (federal)	\$25,000
# of Eligible Months	36
Cost Per Month	\$694.50
# of Eligible Employees	1,500
Annual Cost (Gov. Proposal)	\$12,500,000
Number of Potential Years	3
Three Year Potential Cost	\$37,500,000

DCYF Provider Workforce Stabilization

- Legislation reads *“The amount in its entirety shall be allocated to support workforce stabilization supplemental wage payments to eligible direct care and support care staff of contracted service providers”*

DCYF Provider Workforce Stabilization

- DCYF will enter into agreements with providers to effectuate wage increase
 - May also be used for recruitment tools
 - Not permitted for administrative costs
 - Advertising
 - Securing a recruiting agency
 - Quarterly reconciliation with providers
 - Unspent funds returning to the state

DCYF Provider Workforce Stabilization

Other Provider Support	
Recipient	Description
All Provider Types	\$28.4 million - Paycheck Protection Program loans
Congregate Care Providers	\$537k Workforce Stabilization Loan through EOHHS in summer 2020
Home & Community Based Providers	\$170k through EOHHS modeled after the Workforce Stabilization Loan in winter 2020

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Early Intervention Program

- Federally required to provide services to children from birth to 3rd birthday
 - RI provide services if child has either:
 - Single diagnosis: low birth weight, visual or hearing impairment, metabolic disorders, Autism Spectrum Disorder, Fragile X Syndrome or Down Syndrome
 - Significant Developmental Delay: Evaluation shows delay in certain areas of development
 - Cognitive, physical, communication, social/emotional, and adaptive development

Early Intervention Program

- Early Intervention services include:
 - Evaluation, case management & nutrition
 - Physical, occupational & speech therapy
 - Nursing services & assistive technology
- Paid by Medicaid or health insurers
 - State law requires private insurers to cover services
 - Cannot pay less than Medicaid rates
 - Cannot charge co-pays or deductibles

Early Intervention Recovery

- Early Intervention - \$5.5 million
 - \$4.5 million - Stabilization Grants
 - Support for revenue losses & increased costs
 - Salaries and bonuses, outreach activities, supplies and professional development
 - \$1.0 million - Pay for Performance Bonuses
 - Based on achieving metrics that may include:
 - Retaining staff & expanding access to services
 - Reducing disparities in coverage for families w/ Medicaid benefits

Early Intervention Recovery

- FY 2021 - similar program was funded
 - \$2.2 million to the state's nine EI providers

Early Intervention Providers

Children's Friend and Services	Looking Upwards
Community Care Alliance	Meeting Street
Easter Seals	Seven Hills of RI
Family Service of RI	J. Arthur Trudeau Center
Groden Center	

Early Intervention

- Legislation reads “\$5,500,000 shall be allocated to early intervention providers in response to a decline in enrollment for early intervention, family home visiting, and screening programs.”

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Pediatric Healthcare Recovery

- Pediatric Healthcare Recovery - \$7.5M
 - \$6.0 million - Stabilization and Pay for Performance Programs
 - \$1.5 million - Enhanced screenings for socio-emotional & social determinants of health
- Similar to FY 2021 CRF -funded
 - \$3.1 million for pandemic relief payments
 - \$3.0 million for supplemental payments
 - Monthly incentives to pediatric primary care practices to ensure all children are up to date with essential, preventive healthcare services

Pediatric Healthcare Recovery

- \$6.0 million stabilization fund will be divided among participating providers
 - Based on the number of children in a practice
 - Payments tied to pay for performance measures established by the EOHHS
 - Incentivize identification of developmental delays and social-emotional risks
 - Proposal does not alter rates paid to pediatricians
 - In coordination w/ Early Intervention proposal

Pediatric Healthcare Recovery

- Enhanced screenings - \$1.5 million
 - Would add developmental and psychosocial behavioral screenings to the newly established performance measures – pay for performance
 - Incentivize pediatric primary care providers to increase developmental screenings
 - Performed at age appropriate intervals
 - Developmental delays and risks are identified
 - Referrals to Early Intervention, Early Head Start, First Connections and specialty health care services

Pediatric Healthcare Recovery

- Enhanced Screenings
 - Engage practices & select screening tools
 - Improvements to processes, documentation & reporting to improve quality measures
 - For example, how a practice is using data to identify a patient who needs screening & having someone make an appointment
 - Provide other direct technical assistance to participating providers
 - Fund a pilot screening program focused on toxic stress

Pediatric Healthcare Recovery

- Legislation reads *“to support relief to pediatric providers in response to the decline in visitation and enrollment caused by the public health emergency.”*

Issues to Consider

- Proposed legislative language provides broad flexibility on uses
 - Proposed allocations not binding
- Should there be specific limits on assistance or participants
 - Any other binding guidance
- Coordination and implementation
 - How do the proposals fit together
 - Other specific federal grants
 - Capacity

References

- Finance Committee Documents
 - <https://www.rilegislature.gov/Special/comdoc/Pages/HFIN.aspx>
- House Fiscal
 - Governor Proposal and Staff Analyses
 - <https://www.rilegislature.gov/housefiscalreport/Pages/hfreports2021.aspx>
- ARPA Task Force Materials
 - <https://www.rilegislature.gov/commissions/arpa/Pages/hmaterials.aspx>
 - Most documents from US Treasury

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