

Governor's FY 2020 Budget: Articles

Staff Presentation to the House Finance
Committee
March 6, 2019

Introduction

- Article 10 - Universal Prekindergarten
 - Make program meet demand
 - Increase preschool rates for child care
- Article 15 - Children and Families
 - Expand subsidized child care & raise rate
 - Remove interim cash assistance time limits
 - Expand access to free school meals
 - Shift some education costs to districts
 - Adjust lead inspection rules

Article 15 Introduction

- Article 15
 - Lead Inspections of Foster Homes
 - Education Costs for Juveniles
 - School Lunch & Breakfast
 - Cash Assistance Programs
 - Rhode Island Works
 - Subsidized Child Care
 - Family Providers Rates
 - Expansion
 - Other Changes

Lead Inspections of Foster Homes

- Currently have visual inspection for foster homes with children under age 6
 - Foster homes that pass can be licensed as lead safe and certified
 - Foster homes that fail cannot be licensed as lead safe but still certified as a foster home
 - Children will still be placed in the home
 - State cannot get federal funding because not “licensed” by state standard

Lead Inspections of Foster Homes

- Article allows DOH to set regulations to assess lead potential in a foster home
 - DOH will review inspections to ensure owners receive information to remediate hazards
- Adds a condition of foster home licensure to be at minimum a “visual inspection”
- Foster homes that fail can still be licensed
 - Key issue with kinship care placements
- Similar to last year’s proposal

Lead Inspections of Foster Homes

- Once foster home has been visually inspected it can be licensed
 - Allows the state to leverage federal funds to offset the cost for foster care
 - Otherwise 100% state cost
 - \$250,000 savings

Kinship Care	Months License Pending		
	6 +	9+	12 +
Homes	218	53	116
Children under 6	131	51	74
Children over 6	164	35	91

Education Costs for Juveniles

- Current law: districts pay education costs for students in group homes with education programs
 - Groden Center, St. Mary's, Harmony Hill
 - LEAs are billed based on district special education costs & state pays difference, if any
 - Family Court determines residency
 - For homes that contract with DCYF for predetermined number of placements, state pays whole cost
 - Ocean Tides only provider still in this category

Education Costs for Juveniles

- Article 15 removes exemption and specifically adds the Training School
 - It appears the same principle applies
 - District would pay based on their average per pupil special education cost
 - Applies to duration of the child's stay
 - Budget assumes a \$1.3 million deduction from education aid
 - Adds \$250k to DCYF for lost federal funds from change in designation of training school

Education Costs for Juveniles

- Budget assumptions not clearly linked to article language
 - Article requires payment by district to DCYF for the training school students only
 - It appears LEAs would pay Ocean Tides like other providers
 - Budget removes funding from education aid for both populations
 - No proposed change to education aid statutes
 - Payments based on each district's own special education costs

Education Costs for Juveniles

Calculation of Proposal	
Training School/Ocean Tides census on or about August 6	61
Central Falls & unknown residence	(7)
Governor's budget assumed # of students	54
Include in funding formula = 54 x 40% poverty status of \$13,819	\$746,226
Apply state share ratio = state aid	\$559,017
\$35,000 x per student (weighted avg. of special ed. costs)	(1,890,000)
Impact to Education Aid	(\$1,330,983)

Education Costs for Juveniles

District	Youth	Sp. Ed. Per Pupil Cost	Formula Aid Impact
Cranston	6	\$46,752	\$164,402
Cumberland	1	\$44,917	29,021
Johnston	1	\$53,489	28,531
Newport	3	\$41,787	85,183
North Kingstown	2	\$55,579	63,158
Pawtucket	2	\$37,624	47,536
Providence	31	\$31,478	713,360
Warwick	1	\$36,811	29,652
West Warwick	2	\$24,140	52,488
Woonsocket	5	\$21,749	117,652
Total	54		\$1,330,983

Education Costs for Juveniles

- Issues
 - Training school would lose status as limited purpose LEA
 - Governor includes \$250,000 from general revenues to replace lost federal funds
 - How will enrollment/timing work?
 - DCYF's budget does not reduce funding to Ocean Tides
 - DCYF would no longer pay for education
 - How much is value of education component?
 - Does LEA reduction cover it?

Mandatory School Meal Programs

- 2000 Assembly established mandatory, universal school breakfast
 - Requirement previously limited to districts based on specific poverty guidelines
 - Assembly has provided annual funding for administrative costs
 - Since FY 2012, has been \$270,000 each year
 - Funding is prorated to districts based on the number of meals served

Mandatory School Meal Programs

- Schools are reimbursed by USDA for each free/reduced price meal served

FY 2019	<u>Reduced-Price Reimbursement</u>		<u>Free Meal Reimbursement</u>	
	Min.	Max.	Min.	Max.
Breakfast	\$1.49	\$1.84	\$1.79	\$2.14
Lunch	\$2.94	\$3.14	\$3.31	\$3.54

FY 2019 Annual Income Criteria

Household Size	Federal Poverty	Reduced Price Meals – 185%	Free Meals – 130%
1	\$12,140	\$22,459	\$15,782
2	\$16,460	\$30,451	\$21,398
3	\$20,780	\$38,443	\$27,014
4	\$25,100	\$46,435	\$32,630
5	\$29,420	\$54,427	\$38,246
6	\$33,740	\$62,419	\$43,862
7	\$38,060	\$70,411	\$49,478
8	\$42,380	\$78,403	\$55,094
Each Add. Member	\$4,320	\$7,992	\$5,616

Mandatory School Meal Programs

- Article requires public schools with 70% + students eligible for free/reduced meals to offer school breakfast after instructional day has officially begun
 - Schools can determine time it would occur
- RIDE to determine eligible service models
 - Breakfast in the classroom, grab-and-go
 - Commissioner can waive requirement based on financial hardship

Mandatory School Meal Programs

- Federal Community Eligibility Provision
 - School provides free lunch to all students
 - Federal reimbursement based on formula rather than each meal
 - Formula based on student participation in other means-tested programs, such as SNAP
 - Does not cover full cost of the food
 - Allowed for schools with 40% or more of their students eligible for a subsidized lunch
 - School would not be able to collect lunch applications anymore

Mandatory School Meal Programs

- Article 15 would requires schools eligible for this Community Eligibility Provision to participate
 - Commissioner could waive requirement based on financial hardship
- Governor includes \$55,000 from general revenues for FY 2020 to assist with implementation
 - Not clear how new funds will be used
 - May include outreach, training, resource development or mini-grants to schools

Mandatory School Meal Programs

- 34 schools in 5 LEAs currently participate
 - Includes 1 charter school
- 95 schools across 16 LEAs meet criteria
 - Includes 9 charter and 2 state schools
- This article would require other 61 schools to participate
 - Not all participate because federal reimbursement does not always cover cost

Cash Assistance

Program	Funding Source
Rhode Island Works	<ul style="list-style-type: none">• Temporary Assistance to Needy Families funds (TANF)
Child Care Assistance	<ul style="list-style-type: none">• Child Care Development Block Grant• TANF• Social Services Block Grant• General Revenues
Supplemental Security Income (SSI)	<ul style="list-style-type: none">• General Revenues
SSI Transition/Bridge	

Rhode Island Works

- 2008 Assembly replaced the Family Independence Program (FIP) with Rhode Island Works
- FIP provided a lifetime limit of 60 months of monthly cash assistance benefit
 - Federal limit that a state can use TANF funds for this purpose
- RI Works provides a 48 month lifetime benefit over 10 years
 - 24 months in a five-year period

Rhode Island Works

- Federal benefit of 60 months for cash assistance did not change
 - RI uses TANF funding for other assistance programs
 - Including subsidized child care
- States can use TANF funds for hardship cases – not to exceed 20% of caseload
 - After a family has received 24 months in the 5-year period, can apply to continue benefits under hardship provision

RI Works/Hardship

- Eligibility based on one of the following
 - Pending disability application or complying DHS' Office of Rehabilitation Servs. Plan
 - Caring for a disabled family member who resides in the home & needs full time care
 - Is homeless
 - Unable to pursue employment because of domestic violence situation
 - Unable to work due to other conditions as approved by DHS supervisor

Rhode Island Works

November Adopted Caseload Estimate	FY 2019 Enacted	FY 2019 Gov. Rev.	FY 2020 Gov. Rec
Persons	10,025	9,700	9,700
Monthly Cost	\$193.00	\$194.65	\$195.64
Total	\$25.3	\$24.8	\$24.9

\$ in millions

- Nov CEC assumes 13% is for hardship
- Budget does not assume any impact to the caseload or cost
 - There will be an impact as cases do not time out

Rhode Island Works

- Department reports that about 96% of those who timed off stayed on the caseload through the hardship provision
 - In recent months approx. 40 cases have closed from timing out each month
 - Over time that will grow and impact costs
 - This will eventually flow to general revenues
- Article 15 would provide for 48 months of benefits

Subsidized Child Care

- Provides child care to Rhode Island Works recipients & low income families at or below 180 % of poverty
 - Income can increase to 225% before ineligible for the program
 - Parents enrolled in college are not currently eligible
 - Does allow for those in approved career training
- 2018 Assembly enacted tiered reimbursement for infant, toddler, and preschool age children at child care centers

Article 15

- Article 15 impacts to child care
 - Expands eligibility to higher education students
 - Increases liquid asset limitation for eligibility
 - Changes requirements around establishment of paternity
 - Expands tiered reimbursement to family-based providers
 - In both Article 10 and 15

Child Care Program Expansion

- Would allow families enrolled at higher education institutions to receive subsidized child care
 - Still must meet 180% income threshold
 - FY 2020 budget includes \$200,000 from general revenues
 - Would start July 1, 2019
- Similar to prior year proposal
 - Prior proposal limited to state schools & appropriation

Child Care Program Changes

- Increases state's liquid asset limitation for eligibility from \$10,000 to \$1.0 million
 - In 2014, federal government amended the Child Care Development Fund Block Grant
 - Limiting funds to those whose family assets do not exceed \$1.0 million
 - DHS changed its rules and regs to reflect this \$1.0 million liquid asset limitation prior to budget submission
 - Rules and regs. currently conflict with state law

Child Care Program Changes

- Current law
 - To receive child care assistance, a family must cooperate with establishing paternity for all children in the family
- Article changes requirement so that paternity would only need to be established for those children who would to receive the subsidized child care

Child Care Program Changes

Current Law

Family Based		Center Based	
Infant/Toddler	Flat Rate	Infant/Toddler	Tiered
Preschool	Flat Rate	Preschool	Tiered
School-aged	Flat Rate	School-aged	Flat Rate

Article 15

Family Based		Center Based	
Infant/Toddler	Tiered	Infant/Toddler	Tiered
Preschool	Tiered*	Preschool	Tiered
School-aged	Flat Rate	School-aged	Flat Rate

*Gov. requested amendment keeps as flat rate

Child Care Program

DHS Regulations	
Infant/Toddler	0-3
Preschool	3-6
School-aged	6 and older (age 5 if in Kindergarten)

- RIDE defines prekindergarten as 4-year olds
 - For the purpose of establishing eligibility for early childhood categorical funding

Child Care Rates

- Article 10 increases rates for preschool age children in centers
 - Goal is to incentivize high-quality preschool
 - Consistent with Governor's Prekindergarten Expansion Plan
 - RIDE classroom for only 4-year olds
 - Budget includes \$0.7 million for this component

Child Care Rates - Centers

Preschool	Current Law	Article 10	Difference
1 Star	\$165.75	\$166.88	\$1.13
2 Star	\$169.80	\$171.09	\$1.29
3 Star	\$177.88	\$182.73	\$4.85
4 Star	\$182.73	\$185.97	\$3.24
5 Star	\$195.67	\$215.07	\$19.40

- Weekly Rates
- Article 10 5-star based on 75th percentile of 2015 market rate

Child Care Rates

- Family-based providers currently paid flat rate
- Article 15 would allow participation in tiered reimbursement for infant/toddler & preschool
- Requested amendment removes preschool from tiered reimbursement
 - Consistent with labor agreement
- \$150,000 from general revenues

Child Care Rates- Family Providers

Infant/Toddler	Proposed Rates	Article Amendment*
Base Rate	\$178.55	\$180.34-\$185.69
1 Star	\$182.12	\$182.14-\$185.69
2 Star	\$187.48	\$187.55-\$187.58
3 Star	\$198.19	\$198.37-\$198.69
4 Star	\$203.55	\$203.78-\$204.26
5 Star	\$219.62	\$220.01-\$220.97

* Conform to current labor agreement that has steps

Quality Rating & Improvement System

Domain	Standard
1 - Health, Safety & Nutrition	Learning Environment
2 - Enrollment & Staffing	Staff Ratio/Group Size
3 - Staffing Qualifications & Ongoing Professional Development	Teacher Qualification & Leadership

Quality Rating & Improvement System

Domain	Standard
4 – Administration	Continuous Quality Improvement
5 – Early Learning & Development	Curriculum/ Child Assessment/Inclusive Classroom Practices
6 – Family Engagement	Family Communication and Involvement

Subsidized Child Care

Type	# of Providers	# of Children Enrolled
Center Based	342	6,760
Family Based	485	2,135
Total	827	8,895

Article 10 Introduction

Article 10

- Child Care Rates - Centers
- Universal Prekindergarten
- Transition Plans
- Governance & Data

Universal Prekindergarten

- 2008 Assembly authorized pilot pre-kindergarten program
 - Launched in 2009
 - Served 126 4-yr olds in low income areas
 - Funded through early childhood aid category
- RIDE received a federal grant to expand pre-k classrooms in FY 2015
 - \$19 million with state match commitments
 - Five year grant ends FY 2019

Universal Prekindergarten

- Enacted budget includes \$7.4 million for early childhood aid category
 - \$6.2 million from general revenues, \$1.1 million from permanent school funds

Source	FY 2016	FY 2017	FY 2018	FY 2019
Early Childhood Aid	\$4.0	\$5.2	\$6.2	\$6.2
Federal Funds	2.2	5.1	5.6	5.6
Other	-	-	-	1.1
Total	\$6.1	\$10.3	\$11.8	\$12.9

Universal Prekindergarten

- 60 classrooms and 1,080 children served in each FY 2018 & FY 2019
 - 18 children per classroom
 - 11 communities
- Parents can apply for lottery
 - By July 1 of each year
 - Child must be 4 by September 1
 - Must reside in one of the identified communities
 - Apply online or mail-in

Universal Prekindergarten

Community	2015	2016	2017	2018	2019
Central Falls	1	3	4	5	5
Cranston	1	2	3	3	4
East Providence	-	1	8	8	8
Johnston	-	-	1	1	1
Newport	2	3	3	3	2
North Providence	-	-	1	1	1
Pawtucket	-	-	3	4	6
Providence	7	14	20	22	20
Warwick	2	2	2	2	3
West Warwick	2	3	4	4	3
Woonsocket	2	5	7	7	7

Universal Prekindergarten

- Articles 10 establishes voluntary universal pre-k
 - Program to expand until it serves demand
 - Every 4-year-old for whom one is sought
- Governor recommends \$15.6 million from general revenues
 - Replaces federal & permanent school funds
 - \$14.5 million for classrooms
 - \$0.7 million for professional dev. & evaluation
 - \$0.4 million for 4.0 new FTE

Universal Prekindergarten

- Governor's plan adds 540 high quality prekindergarten seats
 - 260 new seats
 - 200 from 10 new classrooms
 - 60 from increasing current class capacity limits
 - 280 existing seats upgraded to high-quality
 - 180 Head Start seats converted to full-day
 - Currently half-day; would increase from 4 hrs to 6 hrs/day
 - 100 preschool seats at child care providers
 - Improved quality of existing seats/providers

Universal Prekindergarten

- Out-year estimates submitted with the Governor's budget level fund the program at \$15.6 million
- January 16 news report suggests future program cost of approx. \$47 million
 - Estimate provided by Governor's staff
- Governor's plan expands to 7,000 slots
Appears to cost \$10,000 per student
 - Could cost \$70 million? Not in out year budget estimates

Universal Prekindergarten

- RIDE to promulgate/adopt regulations for implementing program
 - Work with DHS, other state agencies & private charities to ensure pre-k providers meet licensing & facility standards

Transition Plans

- LEAs required to develop transition plans for pre-k students moving to kindergarten
 - Strategies for students and families
 - Programmatic strategies for schools and educators

Governance & Data

- RIDE, DHS & Children's Cabinet would work to identify:
 - Federal funds to support early learning
 - Ways to improve state systems so they are aligned to the same goals
- Requires continued investment in the Early Childhood & Education Data System
 - Centralizes early learning data
 - Governor recommends \$0.3 million from ITIF for FY 2019 ; No funding for FY 2020

Issues

- DHS is currently reviewing the state's quality rating system
 - Think Tank established in 2017, reported recommendations in May 2018
 - DHS issuing formal response to recommendations in October
 - Any changes to the system will impact provider ratings, may increase costs of tiered reimbursement system

Governor's FY 2020 Budget: Articles

Staff Presentation to the House Finance
Committee
March 6, 2019
