

DHS BUDGET REQUEST FOR FY 2016-2017
(\$ Amounts in Thousands)

Page # of Governor's Executive Budget:
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E30.33-34, E30.41

APPROPRIATION:
Child Care Services

I. SUMMARY FINANCIAL DATA

	<u>2014-2015 Actual</u>	<u>2015-2016 Available</u>	<u>2016-2017 Budgeted</u>
State Funds	\$155,691	\$155,691	\$167,691
Federal Funds Total	\$258,572	\$294,304	\$313,728
Federal Sources Itemized			
<i>CCDFBG - Child Care</i>	\$210,889	\$244,856	\$265,268
<i>CCDFBG - School Age</i>	\$1,260	\$1,260	\$1,260
<i>SSBG - Child Care</i>	\$30,977	\$30,977	\$30,977
<i>Head Start Collaboration Project</i>	\$225	\$258	\$258
<i>Early Learning Challenge Grant - Child Care</i>	\$15,221	\$16,953	\$15,965
Other Funds Total	\$0	\$0	\$0
Total	<u>\$414,263</u>	<u>\$449,995</u>	<u>\$481,419</u>

IA. REQUESTED SUPPLEMENTALS (Included above)

State Funds	\$0
Federal Funds Total	\$0
Total	<u>\$0</u>

II. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)	APPROPRIATION: Child Care Services				
	2014-2015 Actual	2015-2016 Available	2016-2017 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Personnel	\$0	\$0	\$0	\$0	0.00%
OPERATING					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$3,157	\$5,379	\$3,160	(\$2,219)	-41.25%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Operating	\$3,157	\$5,379	\$3,160	(\$2,219)	-41.25%
FIXED ASSETS					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY					
<i>State Funds</i>	\$155,691	\$155,691	\$167,691	\$12,000	7.71%
<i>Federal Funds</i>	\$251,807	\$278,454	\$288,114	\$9,660	3.47%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Grant & Subsidy	\$407,498	\$434,145	\$455,805	\$21,660	4.99%
NONEXPENSE					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Nonexpense	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$3,608	\$10,471	\$22,454	\$11,983	114.44%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Budgetary Reserve	\$3,608	\$10,471	\$22,454	\$11,983	114.44%
UNCOMMITTED					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Uncommitted	\$0	\$0	\$0	\$0	0.00%
OTHER					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Other	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
<i>State Funds</i>	\$155,691	\$155,691	\$167,691	\$12,000	7.71%
<i>Federal Funds</i>	\$258,572	\$294,304	\$313,728	\$19,424	6.60%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Funds	\$414,263	\$449,995	\$481,419	\$31,424	6.98%

APPROPRIATION:
Child Care Services

III. HISTORY OF LAPSES (\$ Amounts in Thousands)	2013-2014	2014-2015	2015-2016 Estimated
State Funds	\$635	\$266	\$0

IV. COMPLEMENT INFORMATION	12/31/2014	12/31/2015	2016-2017 Budgeted
State/Federally Funded			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Federally Funded			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Other Funded			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Total			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Benefit Rate	N/A	N/A	N/A

V. DERIVATION OF REQUEST / LEGISLATIVE CITATIONS / DISBURSEMENT CRITERIA

Derivation of Request:

The Fiscal Year 2016-2017 Governor's Executive Budget provides \$167.691 million in State funds; an increase of \$12.000 million over the Fiscal Year 2015-2016 funding level of \$155.691 million. The Fiscal Year 2016-2017 Governor's Executive Budget provides \$265.268 million in Federal funds for CCDFBG - Child Care; an increase of \$20.412 million over the Fiscal Year 2015-2016 funding levels of \$244.856 million. The Fiscal Year 2016-2017 Governor's Executive Budget reflects a decrease of \$0.988 million under the Fiscal Year 2015-2016 funding level of \$16.953 million for the Early Learning Challenge Grant - Child Care Services. The Fiscal Year 2016-2017 Governor's Executive Budget maintains the Federal CCDFBG - School Age and Federal SSBG - Child Care Services at the Fiscal Year 2015-2016 funding level of \$1.260 million and \$30.977 million. The Fiscal Year 2016-2017 Governor's Executive Budget maintains \$0.258 million for the Head Start Collaboration Project.

Details for the appropriation request are outlined in Section VI entitled "Explanation of Changes" on the next page.

Legislative Citations:

62 P.S. § 201 et seq.; 62 P.S. § 401 et seq.

Disbursement Criteria:

These funds are expended through contracts with service providers. Payments to contractors are based on a fee-for-service unit cost for child care services.

VI. EXPLANATION OF CHANGES (\$ Amounts in Thousands)	APPROPRIATION: Child Care Services			
	State \$	Federal \$	Other \$	Total
OPERATING				
1. The Fiscal Year 2016-2017 Governor's Executive Budget reflects a decrease of \$2.219 million for the Early Learning Challenge Grant:	\$0	(\$2,219)	\$0	(\$2,219)
Subtotal Operating	\$0	(\$2,219)	\$0	(\$2,219)
GRANT & SUBSIDY				
1. The Fiscal Year 2016-2017 Governor's Executive Budget provides an increase of \$6.456 million for Low-Income Child Care Service funding. The average consumers increase from 63,187 average monthly slots in Fiscal Year 2015-2016 to 64,498 in Fiscal Year 2016-2017 and the average cost per slot is maintained at \$410:	\$0	\$6,456	\$0	\$6,456
2. The Fiscal Year 2016-2017 Governor's Executive Budget provides an increase of \$0.548 million for Family Support Services Administration and the average cost per slot is maintained at \$35:	\$0	\$548	\$0	\$548
3. The Fiscal Year 2016-2017 Governor's Executive Budget provides an increase of \$1.231 million in funding for Race to the Top - Early Learning Challenge Grants:	\$0	\$1,231	\$0	\$1,231
4. Impact of the annualization of Fiscal Year 2015-2016 Child Care Works Waiting List initiative:	\$0	\$1,425	\$0	\$1,425
Subtotal Grant & Subsidy	\$0	\$9,660	\$0	\$9,660
FISCAL YEAR 2016-2017 INITIATIVES				
GRANT & SUBSIDY				
1. Child Care Works Wait List				
A. The Fiscal Year 2016-2017 Governor's Executive Budget provides State funding of \$12.000 million for subsidized child care services to serve an additional 2,247 children from the low-income Child Care waiting list:	\$12,000	\$0	\$0	\$12,000
Subtotal Initiatives	\$12,000	\$0	\$0	\$12,000
BUDGETARY RESERVE				
1. Impact of excess Federal spending authority:	\$0	\$11,983	\$0	\$11,983
TOTAL	\$12,000	\$19,424	\$0	\$31,424

Child Care Services
FISCAL YEAR 2015-2016 Available

	TOTAL	STATE	SSBG	CCDFBG-Child Care	CCDFB - School Age	Headstart	RTT Early Learning Challenge
CONSUMERS (63,187)							
Low Income Child Care	\$ 311,104,000	\$ 131,706,000	\$ 30,977,000	\$ 148,421,000	\$ -	\$ -	\$ -
FSS/Admin	\$ 26,410,000	\$ -	\$ -	\$ 26,410,000	\$ -	\$ -	\$ -
SUBTOTAL CONSUMERS:	\$ 337,514,000	\$ 131,706,000	\$ 30,977,000	\$ 174,831,000			
Early Keys to Quality - PA Key							
Program Operations	\$ 3,584,000	\$ -	\$ -	\$ 3,346,000	\$ -	\$ 238,000	\$ -
Early Learning Quality Initiative	\$ 3,500,000	\$ 3,500,000	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Development	\$ 3,143,000	\$ 544,000	\$ -	\$ 2,579,000	\$ -	\$ 20,000	\$ -
Quality Support Initiatives	\$ 1,862,000	\$ -	\$ -	\$ 602,000	\$ 1,260,000	\$ -	\$ -
Subtotal PA Key	\$ 12,089,000	\$ 4,044,000	\$ -	\$ 6,527,000	\$ 1,260,000	\$ 258,000	\$ -
Early Keys to Quality - Regional							
Keystone Stars Support/Prof Dev	\$ 16,962,000	\$ 10,024,000	\$ -	\$ 6,938,000	\$ -	\$ -	\$ -
Keystone STARS awards	\$ 30,811,000	\$ 9,897,000	\$ -	\$ 20,914,000	\$ -	\$ -	\$ -
Subtotal Regional Keys	\$ 47,773,000	\$ 19,921,000	\$ -	\$ 27,852,000	\$ -	\$ -	\$ -
Operations							
Care Check	\$ 86,000	\$ -	\$ -	\$ 86,000	\$ -	\$ -	\$ -
ELC Grant Operations	\$ 5,293,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,293,000
Subtotal Operations	\$ 5,379,000	\$ -	\$ -	\$ 86,000	\$ -	\$ -	\$ 5,293,000
Audit Settlements	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -
Helpline	\$ 48,000	\$ -	\$ -	\$ 48,000	\$ -	\$ -	\$ -
	\$ -						
Expanded Services for Children (Early Learning Challenge Grant - Race to the Top)	\$ 11,660,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,660,000
FY 15-16 Initiatives							
Improving the Quality of Child Care Programs							
Rising STAR Initiative - Incentives to provide higher quality care (STAR 3 and 4 providers)	\$ 6,156,000	\$ -	\$ -	\$ 6,156,000	\$ -	\$ -	\$ -
Improve Services for Infant/Toddler (STAR 2, 3 and 4 Providers)	\$ 1,080,000	\$ -	\$ -	\$ 1,080,000	\$ -	\$ -	\$ -
Child Care Waiting List (Serving additional 3,600 children from Low Income Waiting List)	\$ 17,805,000	\$ -	\$ -	\$ 17,805,000	\$ -	\$ -	\$ -
	\$ -						
Budgetary Reserve	\$ 10,471,000	\$ -	\$ -	\$ 10,471,000	\$ -	\$ -	\$ -
PROGRAM Total	\$ 449,995,000	\$ 155,691,000	\$ 30,977,000	\$ 244,856,000	\$ 1,260,000	\$ 258,000	\$ 16,953,000

Child Care Services
FISCAL YEAR 2016-2017 Governor's Executive Budget

	TOTAL	STATE	SSBG	CCDFBG-Child Care	CCDFB - School Age	Headstart	RTT Early Learning Challenge
CONSUMERS (64,498)							
Low Income Child Care	\$317,560,000	\$ 131,706,000	\$ 30,977,000	\$ 154,877,000	\$ -	\$ -	\$ -
FSS/Admin	\$26,958,000	\$ -	\$ -	\$ 26,958,000	\$ -	\$ -	\$ -
Subtotal Consumers:	\$ 344,518,000	\$ 131,706,000	\$ 30,977,000	\$ 181,835,000	\$ -	\$ -	\$ -
Early Keys to Quality - PA Key							
Program Operations	\$ 3,584,000	\$ -	\$ -	\$ 3,346,000	\$ -	\$ 238,000	\$ -
Early Learning Quality Initiative	\$ 3,500,000	\$ 3,500,000	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Development	\$ 3,143,000	\$ 544,000	\$ -	\$ 2,579,000	\$ -	\$ 20,000	\$ -
Quality Support Initiatives	\$ 1,862,000	\$ -	\$ -	\$ 602,000	\$ 1,260,000	\$ -	\$ -
Subtotal PA Key:	\$ 12,089,000	\$ 4,044,000	\$ -	\$ 6,527,000	\$ 1,260,000	\$ 258,000	\$ -
Early Keys to Quality - Regional							
Keystone Stars Support/Prof Dev	\$ 16,962,000	\$ 10,024,000	\$ -	\$ 6,938,000	\$ -	\$ -	\$ -
Keystone STARS awards	\$ 30,811,000	\$ 9,897,000	\$ -	\$ 20,914,000	\$ -	\$ -	\$ -
Subtotal Regional Keys:	\$ 47,773,000	\$ 19,921,000	\$ -	\$ 27,852,000	\$ -	\$ -	\$ -
Operations							
Care Check	\$ 86,000	\$ -	\$ -	\$ 86,000	\$ -	\$ -	\$ -
ELC Grant Operations	\$ 3,074,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,074,000
Subtotal Operations:	\$ 3,160,000	\$ -	\$ -	\$ 86,000	\$ -	\$ -	\$ 3,074,000
Audit Settlements	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -
Helpline	\$ 48,000	\$ -	\$ -	\$ 48,000	\$ -	\$ -	\$ -
Expanded Services for Children (Early Learning Challenge Grant - Race to the Top)	\$ 12,891,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,891,000
FY 15-16 Initiatives Annualized							
Improving the Quality of Child Care Programs							
Rising STAR Initiative - Incentives to provide higher quality care (STAR 3 and 4 providers)	\$ 6,156,000	\$ -	\$ -	\$ 6,156,000	\$ -	\$ -	\$ -
Improve Services for Infant/Toddler (STAR 2, 3 and 4 Providers)	\$ 1,080,000	\$ -	\$ -	\$ 1,080,000	\$ -	\$ -	\$ -
Child Care Waiting List (Serving additional 3,600 children from Low Income Waiting List)	\$ 19,230,000	\$ -	\$ -	\$ 19,230,000	\$ -	\$ -	\$ -
FY 16-17 Initiatives							
Child Care Works Wait List (To serve an additional 2,247 children from the low income waiting list)	\$ 12,000,000	\$ 12,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
Budgetary Reserve	\$ 22,454,000	\$ -	\$ -	\$ 22,454,000	\$ -	\$ -	\$ -
PROGRAM Total	\$ 481,419,000	\$ 167,691,000	\$ 30,977,000	\$ 265,268,000	\$ 1,260,000	\$ 258,000	\$ 15,965,000

**FISCAL YEAR 2016-2017 Governor's Executive Budget
Low Income - Child Care Services**

FISCAL YEAR 2014-2015 CONSUMER SERVICE COSTS

	Total \$	Service	FSS/Admin	Users	Total \$ per user
JULY 2014	\$32,578,281	\$30,527,933	\$2,050,348	65,815	\$495.00
AUGUST	\$28,982,241	\$26,682,763	\$2,299,478	64,681	\$448.08
SEPTEMBER	\$25,204,495	\$23,177,873	\$2,026,622	63,370	\$397.74
OCTOBER	\$29,099,149	\$26,715,042	\$2,384,107	63,690	\$456.89
NOVEMBER	\$25,150,899	\$23,038,965	\$2,111,934	63,596	\$395.48
DECEMBER	\$27,497,000	\$25,237,454	\$2,259,546	63,258	\$434.68
JANUARY 2015	\$27,889,798	\$25,531,552	\$2,358,246	63,789	\$437.22
FEBRUARY	\$25,564,130	\$23,390,636	\$2,173,494	64,465	\$396.56
MARCH	\$27,482,287	\$25,190,389	\$2,291,898	64,527	\$425.90
APRIL	\$28,660,139	\$26,428,241	\$2,231,897	63,743	\$449.62
MAY	\$26,993,157	\$24,920,311	\$2,072,846	63,147	\$427.47
JUNE	\$27,606,226	\$25,364,892	\$2,241,333	63,992	\$431.40
TOTAL	\$332,707,803	\$306,206,054	\$26,501,749	768,073	\$5,196.03
Average	\$27,725,650	\$25,517,171	\$2,208,479	64,006	\$433.17
Service					\$399
FSS					\$35

FISCAL YEAR 2015-2016 CONSUMER SERVICE COSTS

	Total \$	Service	FSS/Admin	Users	Total \$ per user
JULY 2015	\$32,426,391	\$30,238,397	\$2,187,994	62,666	\$517.45
AUGUST	\$27,751,059	\$25,685,520	\$2,065,538	63,762	\$435.23
SEPTEMBER	\$26,748,300	\$24,552,431	\$2,195,869	61,867	\$432.35
OCTOBER	\$27,329,446	\$25,152,527	\$2,176,920	62,159	\$439.67
NOVEMBER	\$27,457,830	\$25,270,684	\$2,187,146	62,451	\$439.67
DECEMBER	\$27,586,213	\$25,388,841	\$2,197,372	62,743	\$439.67
JANUARY 2016	\$27,714,597	\$25,506,998	\$2,207,599	63,035	\$439.67
FEBRUARY	\$27,842,981	\$25,625,156	\$2,217,825	63,327	\$439.67
MARCH	\$27,971,364	\$25,743,313	\$2,228,051	63,619	\$439.67
APRIL	\$28,099,748	\$25,861,470	\$2,238,278	63,911	\$439.67
MAY	\$28,228,132	\$25,979,628	\$2,248,504	64,203	\$439.67
JUNE	\$28,357,834	\$26,098,999	\$2,258,836	64,498	\$439.67
TOTAL	\$337,513,895	\$311,103,964	\$26,409,931	758,241	\$5,342.06
Average	\$28,126,158	\$25,925,330	\$2,200,828	63,187	\$445.13
Service					\$410
FSS					\$35

FISCAL YEAR 2016-2017 CONSUMER SERVICE COSTS

	Total \$	Service	FSS/Admin	Users	Total \$ per user
JULY 2016	\$28,709,831	\$26,463,332	\$2,246,499	64,498	\$445.13
AUGUST	\$28,709,831	\$26,463,332	\$2,246,499	64,498	\$445.13
SEPTEMBER	\$28,709,831	\$26,463,332	\$2,246,499	64,498	\$445.13
OCTOBER	\$28,709,831	\$26,463,332	\$2,246,499	64,498	\$445.13
NOVEMBER	\$28,709,831	\$26,463,332	\$2,246,499	64,498	\$445.13
DECEMBER	\$28,709,831	\$26,463,332	\$2,246,499	64,498	\$445.13
JANUARY 2017	\$28,709,831	\$26,463,332	\$2,246,499	64,498	\$445.13
FEBRUARY	\$28,709,831	\$26,463,332	\$2,246,499	64,498	\$445.13
MARCH	\$28,709,831	\$26,463,332	\$2,246,499	64,498	\$445.13
APRIL	\$28,709,831	\$26,463,332	\$2,246,499	64,498	\$445.13
MAY	\$28,709,831	\$26,463,332	\$2,246,499	64,498	\$445.13
JUNE	\$28,709,831	\$26,463,332	\$2,246,499	64,498	\$445.13
TOTAL	\$344,517,976	\$317,559,986	\$26,957,990	773,976	\$5,341.53
Average	\$28,709,831	\$26,463,332	\$2,246,499	64,498	\$445.13
Service					\$410
FSS					\$35

CHILD CARE SERVICES

PROGRAM STATEMENT

The Child Care Services appropriation helps support Child Care Works, Pennsylvania's subsidized child care program, and Pennsylvania's continuous quality rating improvement system, Keystone STARS.

To be eligible for a low-income child care subsidy, the parent(s) must meet the minimum work requirement and the family's annual income must fall within the program's income guidelines for eligibility which are currently 200 percent of the Federal Poverty Income Guidelines at entry into the program. Each family is assigned a weekly co-payment based on the family's size and income. Co-payments provide low-income working families an affordable way to contribute to the cost of their children's care.

The need for low-income child care assistance exceeds the Department's resources, resulting in a waiting list for low-income child care. In Fiscal Year 2016-2017, this program is estimated to serve approximately 69,905 children of low-income working families per month. As of January 2016 there were 4,345 children on the waiting list.

Local Child Care Information Services agencies administer Child Care Works. They receive a combination of federal and state funds to pay child care providers along with administrative funds to conduct their daily tasks such as eligibility determination, waiting list management, provider payments, case management, resource and referral, provider management and funds management, along with other associated family and provider services.

Pennsylvania's response to the national research on early learning and to the federal quality earmark requirements is the Keystone STARS program; a comprehensive, voluntary, early learning quality improvement initiative. Early learning programs participating in Keystone STARS at higher levels provide the kind of quality environments that research has shown relates to improved child outcomes. The Office of Child Development and Early Learning projects that by the close of Fiscal Year 2016-2017, this program will be serving over 171,500 children.

EARLY LEARNING CHALLENGE GRANT

The Fiscal Year 2016-2017 Governor's Executive Budget provides \$15.965 million in federal funds for the Early Learning Challenge Grant – Child Care Services. This federal grant provides funding within the Office of Child Development and Early Learning to support the improvement of early learning and development programs for young children by increasing the number and percentage of low-income and disadvantaged children in each age group of infants, toddlers and preschoolers who are enrolled in high-quality early learning programs and ensuring access to high-quality programs for children with high needs so that all children enter kindergarten ready to succeed.

FISCAL YEAR 2016-17 INITIATIVE – CHILD CARE WORKS WAIT LIST INITIATIVE

The Fiscal Year 2016-2017 Governor's Executive Budget provides \$12.000 million in state funds to serve an additional 2,247 children from the low income waiting list. This waiting list initiative will be crucial as Pennsylvania moves to comply with the federal Child Care and Development Block Grant reauthorization mandate to extend eligibility redeterminations from six to 12 months, as it could result in children remaining on the waiting list for longer periods of time.