

## EXTRAORDINARY FINANCIAL RELIEF FOR CHILD CARE CENTERS PROGRAM GUIDANCE

### Objective

In order to protect Vermont families in areas of the state with high poverty rates from the closing of a child care center providing full time or part time care for their children, these guidelines establish a process by which child care centers that are at imminent risk of failure (closure) may seek extraordinary financial relief. This process does not create any entitlement to rates in excess of those established in the child care financial assistance program subsidy rate schedule, or to any other form of relief.

### The enabling legislation reads as follows:

*“The commissioner for children and families shall reserve up to one-half of one percent of the child care family assistance program funds to assist child care facilities that are at risk of closing due to financial hardship. The commissioner shall develop guidelines for providing assistance and shall prioritize relief to child care programs in areas of the state with high poverty and low access to high quality child care. If the commissioner determines that the child care center is at risk of closure because operations of a child care program are not fiscally sustainable, he or she may provide assistance to transition children served by the child care operator in an orderly fashion to help secure other child care opportunities for children served by the program in an effort to minimize a disruption of services. The commissioner has the authority to request tax returns and other financial documents to verify the financial hardship and ability to sustain operations.”*

### Nature of the relief

The DCF Commissioner may consider, and make stipulations regarding, the center’s financial, managerial, quality, and/or operational conditions in his or her decision. Following careful analysis of the information, the Commissioner may recommend one or more of the following as she or he finds appropriate:

- additional information to complete an application,
- an advance or enhancement of anticipated subsidy payments,
- a cash grant,
- other relief appropriate to the circumstances of the applicant, or
- no relief.

The Commissioner’s recommendation shall be in writing and shall state the reasons for the recommendation, and shall be a public record. The recommendation shall be reviewed by the Agency Secretary who shall make a final decision, which shall not be subject to administrative or judicial review.

### Criteria to be considered by the Department

Before a provider may apply for extraordinary financial relief, its financial condition must be such that there is a substantial likelihood that it will be unable to continue in existence in the

immediate future. The following factors will be considered by the Commissioner in making the recommendation to the Secretary:

1. the likelihood of the center closing within 90 days without financial assistance;
2. the potential availability of funds from related parties, parent corporations, or any other source, and the willingness of applicants to exhaust all other possible funding sources, including the inability to borrow funds on reasonable terms, as demonstrated by documentation of loan/financing denials from a financial institution (denial must be in writing and include the basis for the institution's decision);
3. the extent to which the applicant can demonstrate that assistance would prevent, and not merely postpone, the closing of the facility – the expectation is that the funding will assure the facility will be operating in a sustainable way within 12 months;
4. the quality of care provided at the center, as demonstrated by participation in the STARS program (priority will be given to programs at the 3, 4 or 5 STAR levels),
5. the continuing need for the child care slots in a geographic region with high poverty; and
6. other factors found by the Commissioner to be material to the particular circumstances of the center.

#### **Procedure for application**

A written application for Extraordinary Financial Relief (using DCF approved form) shall be filed with the Department. The burden of proof is at all times on the provider. If the materials filed by the provider are inadequate to serve as a basis for a reasoned recommendation, the Department shall deny the Application, unless additional proofs are submitted. The Commissioner (or designee) shall decide how to respond to the application within 10 business days after receipt of the completed application, and all requested documentation.

**Please answer all questions completely, and include all the requested supporting documents, so the Department has the information necessary to make an informed decision in a timely manner. An incomplete application will not be considered until all requested information is provided. Complete applications must include the signed cover page.**

Department for Children and Families  
Child Development Division contact:  
CDD Operations Director  
VT Dept for Children & Families  
103 South Main Street, Waterbury, VT 05671-1040

