

S.56: An act related to child care and early childhood education

as passed by the House Committee on Human Services

* * * Legislative Intent * * *

Sec. 1. Legislative Intent

* * * Prekindergarten * * *

Sec. 2. Prekindergarten Education Implementation Committee; Plan

- Establishes the Prekindergarten Education Implementation Committee to assist AOE in improving and expanding prekindergarten to children who are four years of age on a full-day basis by 7/1/26
- Program under consideration by Committee would require a school district to provide prekindergarten education to all children within the district in either a public school or by contract with private providers, or both

Sec. 3. Determination of Weighted Long-term Membership and Per Pupil Education Spending (16 V.S.A. § 4010)

(Effective 7/1/26)

- Replace the -0.54 weight for prekindergarten children with a weight of 1

* * * Agency of Education * * *

Sec. 4. Plan; Agency of Education Leadership

- By 11/1/25, AOE is required to submit a plan to HE, HHS, SE, and SHW to implement a second deputy secretary or commissioner position within AOE

* * * Child Care and Child Care Subsidies * * *

Sec. 5. Child Care Financial Assistance Program; Eligibility (33 V.S.A. § 3512)

(Effective 1/1/24)

- Directs the Commissioner of DCF to establish the CCFAP family contribution by rule and authorizes the Commissioner to adjust the subsidy and family contribution to account for increasing child care costs not to exceed 1.5x the most recent annual increase in NAICS, code 611, educational services
- Expands family eligibility from 350% FPL to 550% FPL

Sec. 5a. Child Care Financial Assistance Program; Eligibility (33 V.S.A. § 3512)

(Effective 7/1/24)

- Requires DCF to ensure CCFAP applications use simple, plain-language; are available in electronic and paper formats; and comply with the Office of Racial Equity's most recent Language Access report
- Authorizes VT residents who have a citizenship status that otherwise prevents participation in CCFAP to be served by the program using solely State funds

Sec. 5b Fiscal Year 2024; Family Contribution*(Effective 1/1/24)*

- In FY24, a weekly family contribution for families at 151% of FPL starts at \$27 and is required to increase progressively for families at higher FPL as determined by the Commissioner

Sec. 6. Provider Rate Adjustment; Child Care Financial Assistance Program*(Effective 1/1/24)*

- By 1/1/24, directs DCF to provide an adjustment to the base child care provider reimbursement rates in CCFAP for child care services provided by family child care homes, center-based child care and preschool programs, and afterschool and summer care programs
- Adjusted reimbursement rates account for the age of the child served and are 38.5% higher than FY23 five-STAR reimbursement rate
- Adjusted reimbursement rate must be further adjusted to account for the differential between family child care homes and center-based child care and preschool programs by 50%
- Providers in the same category receive identical reimbursement rate payments, which are dependent on the child care setting

Sec. 7. Appropriation; Child Care Financial Assistance Program

- In addition to other funds appropriated in FY24 for CCFAP, appropriates \$48,699,264 from the GF to CDD for the CCFAP eligibility expansion in Sec. 5 and rate adjustment in Sec. 6
- In addition to other funds appropriated in FY24 for CCFAP, appropriates \$4m from the GF to CDD to administer adjustments to CCFAP required by this act through the creation of 6 new positions in CDD
 - Of the \$4m appropriated, \$2m is appropriated to the Community Child Care Support Agencies

Sec. 8. Readiness Payments; Child Care Financial Assistance Program

- In FY24, appropriates \$18,873,235 one-time from GF to CDD to provide payments to providers in preparation of the CCFAP eligibility expansion in Sec. 5 and rate adjustment in Sec. 6

Sec. 9. Payments to Providers (33 V.S.A. § 3514)*(Effective 1/1/24)*

- Directs the Commissioner to establish a payment schedule to child care providers participating in CCFAP that accounts for the age of the children served, and requires all providers in the same setting category to receive a reimbursement rate payment dependent upon whether the provider operates a family child care home, center-based child care and preschool program, and afterschool and summer care program

- Directs that the rate used to reimburse providers be increased over the previous year's rate annually in alignment with the most recent annual average wage growth for NAICS code 611, education services, not to exceed 5%
- Requires that reimbursement payments be dependent on enrollment versus and attendance
 - Directs DCF, in consultation with the Office of Racial Equity and stakeholders, to adopt rules defining "enrollment" and total number of allowable absences and minimize itemization of absence categories
- Decouples the link between the STARS program and provider payments

Sec. 10. Child Care Quality and Capacity Incentive Program (33 V.S.A. § 3515)

(Effective 7/1/24)

- Requires the Commissioner of DCF to establish a child care quality and capacity incentive program for child care providers participating in CCFAP
- Authorizes the Commissioner to provide an incentive payment to providers for the following:
 - Achieving a higher level in the quality rating and improvement system;
 - Increasing infant and toddler capacity;
 - Maintaining existing infant and toddler capacity;
 - Establishing capacity in regions of the State that are identified by the Commissioner as underserved;
 - Providing nonstandard hours of services;
 - Completing a Commissioner-approved training on protective or family support services; and
 - Other quality- or capacity-specific criteria identified by the Commissioner.

Sec. 10a. Legislative Intent; Child Care Quality and Capacity Incentive Program

- Specifies that it is the intent of the GA that in FY25 and in future FYs, at least \$10m is appropriated for the child care quality and capacity incentive program

Sec. 11. Child Care Waitlist and Application Fees (33 V.S.A. § 3516)

- Prohibits a child care provider from charging an application or waitlist fee where the applying child qualifies for CCFAP

Sec. 12. Child Care Tuition Rates (33 V.S.A. § 3517)

- Prohibits a child care provider from increasing annual child care tuition that exceeds 1.5x the most recent annual increase in NAICS, code 611, educational services

Sec. 12a. Diversity, Equity, and Inclusion (33 V.S.A. § 3518)

- Requires DCF to consult with the Office of Racial Equity in preparing all public materials and trainings related to CCFAP

Sec. 13. Rulemaking; Child Care Directors

- Requires DCF to amend the family child care home and center-based child care and preschool program rules to require the director to be present at the home or program at least 40% of the time
- Requires DCF to consider amending its rules prohibiting a person or entity registered or licensed to operate a family child care home from concurrently operating a center-based child care and preschool program or afterschool and summer program

* * * Reports * * *

Sec. 14. Report; Background Checks

- By 1/15/24, VT Crime Information Center, in collaboration with AOE and DCF, is required to submit a report to HHS and SHW containing recommendations to streamline and improve the timeliness of the background check process for child care and early educators required to complete two separate background checks

Sec. 15. Provider Compensation; Estimate and Analysis

- By 11/1/24, JFO, in consultation with DCF and VAEYC, is required to submit a report to HHS and SHW containing a fiscal estimate of the cost of implementing a professional tiered system of compensation for the child care workforce using total costs of care estimates
- By 11/1/24, LC is required to submit a report to HHS and SHW concerning the extent to which the State is authorized to impose a compensation scale on private child care providers for professionals providing child care services

* * * Special Accommodations Grants * * *

Sec. 16. Plan; Special Accommodations Grant

- By 7/1/24, CDD, in consultation with stakeholders, is required to develop and submit a plan to HHS and SHW to streamline and improve the effectiveness of special accommodations grants

* * * Afterschool and Summer Care Grant Program * * *

Sec. 17. Afterschool and Summer Care Grant Program (33 V.S.A. chapter 38)

- **§ 3801. Afterschool and Summer Care Grant Program**
 - Establishes the Afterschool and Summer Care Grant Program to provide grants for child and youth programming operating in public or private settings outside of the school day and over the summer, including for the purposes of technical assistance, program implementation, program expansion, program sustainability, and related costs
 - In selecting from among grant applicants, AOE and DCF are directed to prioritize applications that serve children and youth in underserved communities
- **§ 3802. Afterschool and Summer Care Special Fund**

- Establishes the Special Fund to fund the Afterschool and Summer Care Grant Program
- Special Fund shall consist (in part) of cannabis sales tax revenue
- Special Fund shall be administered by the Afterschool and Summer Care Advisory Committee
- **§ 3803. Afterschool and Summer Care Special Fund Advisory Committee**
 - Creates the Advisory Committee, which is jointly managed by AOE and DCF to:
 - Provide recommendations to the Secretary and Commissioner regarding the Afterschool and Summer Care Grant Program; and
 - Administer the Afterschool and Summer Care Special Fund
 - Requires the Advisory Committee to submit an annual report to HAC, HHS, SAC, and SHW addressing outcomes data on grants awarded under the Afterschool and Summer Care Grant Program

Sec. 18. Cannabis Excise and Sales Tax Revenue (32 V.S.A. chapter 207)

- Directs revenue from the sales and use tax on the retail sales of cannabis or cannabis products to the Afterschool and Summer Care Special Fund

* * * Workforce Supports * * *

Sec. 19. Repeals

- Removes the repeal of the student loan repayment assistance program currently scheduled for 7/1/26 (and removes the repeal of a corresponding cross-reference)

* * * Transitional Assistance and Governance * * *

Sec. 20. Child Care; Administrative Service Organizations

- By 2/15/24, DCF is required to provide a presentation to HHS/SHW regarding the feasibility of and any progress towards establishing administrative service organizations for child care providers

Sec. 21. Technical Assistance; Accountability (33 V.S.A. § 4605)

- Requires BBF to provide technical assistance relating to the expansion of child care, prekindergarten, and afterschool and summer care by monitoring accountability, supporting stakeholders in defining and measuring success, and maximizing stakeholder engagement

Sec. 21a. Appropriation; Building Bright Futures (33 V.S.A. § 4605)

- Of the \$4m appropriated to DCF in Sec. 7(b), DCF shall allocate \$266,707 to BBF to implement the monitoring, convening, and reporting responsibilities required pursuant to 33 V.S.A. § 4605

Sec. 22. Plan; Department for Children and Families; Governance

- By 11/1/25, AHS is required to submit an implementation plan to HAC, HGOMA, HHS, SAC, SGO, and SHW regarding the reorganization of DCF

* * * Effective Dates * * *

Sec. 23. Effective Dates

- Act takes effect 7/1/23, except:
 - Sec. 3 (determination of weighted long-term membership and per pupil education spending) takes effect on 7/1/26
 - Sec. 5 (Child Care Financial Assistance Program; eligibility), Sec. 5b (fiscal year 2024; family contribution), Sec. 6 (provider rate adjustment; Child Care Financial Assistance Program), and Sec. 9 (payment to providers) take effect on 1/1/24 (but associated rulemaking can be initiated prior to that date)
 - Sec. 5a (Child Care Financial Assistance Program; eligibility) and Sec. 10 (child care quality and capacity incentive program) take effect on 7/1/24