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H.194

Introduced by Representatives Yacovone of Morristown, Wood of Waterbury,  
Brumsted of Shelburne, Lanpher of Vergennes, Anthony of  
Barre City, Austin of Colchester, Birong of Vergennes, Bock of  
Chester, Briglin of Thetford, Burke of Brattleboro, Carroll of  
Bennington, Christensen of Weathersfield, Christie of Hartford,  
Cina of Burlington, Colburn of Burlington, Colston of  
Winooski, Copeland-Hanzas of Bradford, Cordes of Lincoln,  
Donovan of Burlington, Durfee of Shaftsbury, Forguites of  
Springfield, Gamache of Swanton, Gannon of Wilmington,  
Gardner of Richmond, Gonzalez of Winooski, Gregoire of  
Fairfield, Harrison of Chittenden, Hashim of Dummerston, Hill  
of Wolcott, Hooper of Randolph, Hooper of Burlington,  
Houghton of Essex, Howard of Rutland City, James of  
Manchester, Jessup of Middlesex, Killacky of South Burlington,  
Kitzmiller of Montpelier, Kornheiser of Brattleboro, Lefebvre  
of Newark, McCarthy of St. Albans City, McCormack of  
Burlington, McFaun of Barre Town, Morgan of Milton,  
Mrowicki of Putney, Nicoll of Ludlow, Norris of Shoreham,  
Noyes of Wolcott, O'Brien of Tunbridge, Ode of Burlington,  
O'Sullivan of Burlington, Pajala of Londonderry, Partridge of

1 Windham, Patt of Worcester, Potter of Clarendon, Rachelson of  
2 Burlington, Redmond of Essex, Rosenquist of Georgia, Scheu  
3 of Middlebury, Scheuermann of Stowe, Sheldon of Middlebury,  
4 Squirrell of Underhill, Stevens of Waterbury, Sullivan of  
5 Burlington, Szott of Barnard, Till of Jericho, Troiano of  
6 Stannard, Walz of Barre City, White of Hartford, Yantachka of  
7 Charlotte, and Young of Greensboro

8 Referred to Committee on

9 Date:

10 Subject: Human services; child care; financial assistance; early learning  
11 professional tuition repayment assistance; tax credits; special fund

12 Statement of purpose of bill as introduced: This bill proposes to expand the  
13 population served by the Child Care Financial Assistance Program, enhance  
14 subsidy size, and increase the rate upon which reimbursements to early  
15 learning professionals are based. It also proposes to implement a student loan  
16 repayment program for early learning professionals and expand an existing  
17 scholarship to individuals seeking a degree in early childhood education or  
18 early childhood special education. The bill establishes a refundable tax credit  
19 for early learning professionals and for employers investing in child care. It  
20 also establishes the Early Care and Learning Fund.

1 An act relating to establishing incentives for early learning professionals  
2 and improving access to child care

3 It is hereby enacted by the General Assembly of the State of Vermont:

4 \* \* \* Legislative Intent \* \* \*

5 Sec. 1. LEGISLATIVE INTENT

6 It is estimated that half of infants and toddlers likely to need child care in  
7 Vermont do not have access to a regulated child care or early learning  
8 program, and that nationally, early learning professionals are the lowest-paid  
9 college graduates of any degree program. In response, Vermont's Blue Ribbon  
10 Commission on Financing High Quality, Affordable Child Care and its  
11 subsequent Building Vermont's Future from the Child Up Think Tank  
12 recommend that Vermont:

13 (1) grow and support its early education workforce and address existing  
14 compensation disparities;

15 (2) expand the Child Care Financial Assistance Program to provide a  
16 100 percent benefit to families earning less than Vermont's livable wage;

17 (3) strengthen and coordinate the early care and learning system and  
18 related wraparound support services through the establishment of early care  
19 and learning hubs; and

20 (4) establish a dedicated funding source for the early care and learning  
21 system.

1                           \* \* \* Child Care Financial Assistance Program \* \* \*

2           Sec. 2. 33 V.S.A. § 3512 is amended to read:

3           § 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;

4                           ELIGIBILITY

5           (a)(1) The Child Care Financial Assistance Program is established to  
6           subsidize, to the extent that funds permit, the costs of child care for families  
7           that need child care services in order to obtain employment, to retain  
8           employment, or to obtain training leading to employment. Families seeking  
9           employment shall not be entitled to participate in the Program for a period in  
10          excess of one month, unless that period is extended by the Commissioner.

11          (2) The subsidy authorized by this subsection shall be on a sliding scale  
12          basis. The scale shall be established by the Commissioner, by rule, and shall  
13          bear a reasonable relationship to income and family size. The lower limit of  
14          the fee scale shall include families whose gross income is up to and including  
15          ~~400~~ 200 percent of the federal poverty guidelines. The upper income limit of  
16          the fee scale shall not be ~~neither~~ less than ~~200~~ 350 percent of the federal  
17          poverty guidelines ~~nor more than 100 percent of the State median income,~~  
18          adjusted for the size of the family. The scale shall be structured so that it  
19          encourages employment.

20   \* \* \*

1       Sec. 3. CHILD CARE FINANCIAL ASSISTANCE PROGRAM; STATE  
2                   PLAN; APPROPRIATION

3           (a) To the extent funds permit, the Commissioner for Children and Families  
4       shall amend its federal Child Care and Development Fund State Plan to:

5                   (1) adjust the sliding scale of its Child Care Financial Assistance  
6       Program to ensure that families whose gross income is up to and including 200  
7       percent of the federal poverty guidelines receive 100 percent of the available  
8       financial assistance benefit;

9                   (2) adjust the sliding scale of its Child Care Financial Assistance  
10       Program to ensure that families receive no less than 25 percent of the available  
11       financial assistance benefit; and

12                   (3) align the market rates used to inform the fee scale in its Child Care  
13       Financial Assistance Program to ensure the reimbursement rate in fiscal year  
14       2020 is based on the 2017 Vermont Market Rate Survey and adjusted annually  
15       thereafter to account for inflation and to remain current with updated market  
16       rate surveys.

17                   (b) In fiscal year 2020, \$26,200,000.00 is appropriated from the General  
18       Fund to the Department for Children and Families' Child Development  
19       Division for the purpose of implementing this section and Sec. 2 of this act.

1       \* \* \* Student Loan Repayment Program for Early Learning Professionals \* \* \*

2       Sec. 4. STUDENT LOAN REPAYMENT; EARLY LEARNING

3               PROFESSIONALS

4               (a)(1) In fiscal year 2020, \$2,000,000.00 is appropriated from the General  
5       Fund to the Vermont Student Assistance Corporation, which shall use the  
6       funds to provide student loan repayments for early learning professionals who  
7       have earned a bachelor's or master's degree in early childhood education or  
8       early childhood special education within the preceding five years. The  
9       Vermont Student Assistance Corporation's duties under this section are subject  
10       to the appropriation of funds by the General Assembly specifically for this  
11       purpose.

12               (2) An eligible early learning professional shall:

13               (A) work in a center-based child care and preschool program as a  
14       lead teacher or in a registered or licensed family child care home as defined by  
15       the Department for Children and Families in rule for at least an average of 32  
16       hours per week for 48 weeks of the year; and

17               (B) receive an annual salary of not more than \$40,000.00.

18               (3) Upon submission of an application to the Vermont Student  
19       Assistance Corporation, an eligible early learning professional may receive up  
20       to \$2,000.00 annually in student loan repayments for work in a preschool

1 classroom and up to \$3,000.00 annually in student loan repayments for work in  
2 an infant or toddler classroom.

3 (b) It is the intent of the General Assembly that an appropriation be made  
4 in fiscal years 2021 through 2024 to accomplish the purpose set forth in  
5 subsection (a) of this section.

6 (c)(1) The Vermont Student Assistance Corporation shall adopt policies,  
7 procedures, and guidelines necessary to implement the provisions of this  
8 section.

9 (2) Funds used from this appropriation shall be expended for repayment  
10 of student loans. Student loan repayments shall be available pursuant to this  
11 section on a first-come, first-served basis until the appropriation is depleted.

12 (3) Up to six percent of the total funds appropriated over the course of  
13 fiscal years 2020 through 2024 may be used for the Vermont Student  
14 Assistance Corporation's staff salaries, fringe benefits, or other expenses  
15 associated with the direct administration of this appropriation. Funds shall not  
16 be used to cover indirect costs.

17 (d) As used in this section, "early learning professional" means a "child  
18 care provider" as defined in 33 V.S.A. § 3511 and a person providing "early  
19 childhood education" as defined in 16 V.S.A. § 11.

1                   \* \* \* Scholarship for Early Learning Professionals \* \* \*

2           Sec. 5. APPROPRIATION; T.E.A.C.H. EARLY CHILDHOOD VERMONT  
3                   SCHOLARSHIP PROJECT

4           As funds permit, the Vermont Association for the Education of Young  
5           Children (VTAEYC) shall expand the recipients of the T.E.A.C.H. Early  
6           Childhood Vermont Scholarship Project to include individuals obtaining a  
7           bachelor's degree in early childhood education or early childhood special  
8           education. VTAEYC shall adopt policies, procedures, and guidelines  
9           necessary to implement the provisions of this section. Scholarships distributed  
10           pursuant to this section shall be available on a first-come, first-served basis  
11           until any designated funds are depleted.

12                   \* \* \* Tax Incentives for Early Learning Professionals and Employers \* \* \*

13           Sec. 6. REFUNDABLE TAX CREDIT; EARLY LEARNING  
14                   PROFESSIONALS

15           (a) There is established a refundable credit against the tax imposed by 33  
16           V.S.A. § 5822 for eligible early learning professionals. The credit shall be for  
17           the amounts set forth in subdivision (1) of this subsection and based upon the  
18           Vermont Northern Lights Career Development Center for Early Childhood and  
19           Afterschool Professionals (Northern Lights) credentials set forth in subdivision  
20           (2) of this subsection.



1           (1) Tax credit amounts:

2                   (A) Northern Lights Early Childhood Level 2: \$651.00;

3                   (B) Northern Lights Early Childhood Level 3: \$1,768.00;

4                   (C) Northern Lights Early Childhood Level 4: \$3,693.00;

5                   (D) Northern Lights Early Childhood Level 5 or higher: \$5,541.00.

6           (2) Credentials. An early learning professional eligible for a credit  
7 pursuant to this section shall:

8                   (A) be employed by a regulated family child care home or center-  
9 based child care or preschool program as defined in rule; and

10                   (B) hold a Level 2 certificate or higher from Northern Lights' Early  
11 Childhood Career Development Ladder.

12                   (b) To receive a credit pursuant to this section, an early learning  
13 professional shall file an attestation form provided by Northern Lights with his  
14 or her income tax returns verifying that the early learning professional meets  
15 the requirements for the Northern Lights' Early Childhood Career  
16 Development Ladder level claimed.

17                   (c) Beginning in calendar year 2020, the credit amounts provided for in this  
18 section shall be adjusted annually by the percentage increase in the Consumer  
19 Price Index U.S. city average for all rural consumers, as prepared by the U.S.  
20 Department of Labor's Bureau of Labor Statistics and as determined by the

1 Secretary of the U.S. Department of Labor on the first day of December in the  
2 preceding calendar year.

3 (d) The Commissioner may revoke the eligibility of any early learning  
4 professional under this section after a hearing, upon a finding that the early  
5 learning professional fails to meet substantially all of the requirements for  
6 eligibility. Such early learning professional shall reimburse the State for the  
7 full amount of any tax credits allowed after revocation of eligibility. Any  
8 person aggrieved by the denial or revocation of eligibility may appeal to  
9 Superior Court.

10 (e) The tax credit provided for in this section shall cease to exist on  
11 December 31, 2024, and shall not be available for tax year 2025 or after.

12 (f) On or before January 15, 2021 and 2023, the Commissioner, in  
13 conjunction with the Commissioner of Taxes, shall submit a report to the  
14 House Committees on Human Services and Ways and Means and to the Senate  
15 Committees on Finance and Health and Welfare providing:

16 (1) the number of early learning professionals eligible for a tax credit  
17 under this section;

18 (2) the number of early learning professionals who applied for a tax  
19 credit under this section in each of the preceding calendar years;

20 (3) the total monetary amount of tax credits issued under this section in  
21 each of the preceding years; and

1           (4) the average monetary amount of a tax credit issued under this section  
2           in each of the preceding years.

3           (g) As used in this section, “early learning professional” means a “child  
4           care provider” as defined in 33 V.S.A. § 3511 and a person providing “early  
5           childhood education” as defined in 16 V.S.A. § 11.

6           Sec. 7. REFUNDABLE TAX CREDIT FOR BUSINESSES OFFERING  
7                           CHILD CARE SUPPORT

8           (a) A refundable credit against Vermont corporate or business income tax  
9           shall be available for eligible businesses that incur any one or more of the  
10           following child care expenses related to:

11                   (1) construction, renovation, expansion, or repair of an eligible child  
12                   care or early learning program;

13                   (2) purchase of equipment for an eligible child care or early learning  
14                   program;

15                   (3) maintenance or operation of an eligible child care or early learning  
16                   program;

17                   (4) payments made to an eligible child care or early learning program  
18                   for child care or early learning services to support employees;

19                   (5) purchase of child care slots at an eligible child care or early learning  
20                   program that are provided to or reserved for the children of employees; and

1           (6) in-kind monetary donations to an eligible child care or early learning  
2           program, a parent-child center as defined in 33 V.S.A. § 3701, or community  
3           child care support agency.

4           (b) Credits for the expenses set forth in subsection (a) of this section shall  
5           be based on a percentage of an eligible business's child care or early learning  
6           expenses and correspond to the quality of the regulated child care or early  
7           learning program as determined by Vermont's STep Ahead Recognition  
8           System (STARS).

9           (1) Up to \$25,000.00 in expenses related to the construction of an  
10           eligible child care and early learning program shall be eligible for a 20 percent  
11           refundable credit.

12           (2) Up to \$25,000.00 in expenses related to the renovation, expansion,  
13           or repair of an eligible child care and early learning program; the purchase of  
14           equipment for an eligible child care and early learning program; or the  
15           maintenance or operation of an eligible child care and early learning program  
16           shall be eligible for a refundable credit as follows:

17           (A) an eligible five-star child care and early learning program: 20  
18           percent credit;

19           (B) an eligible four-star child care and early learning program: 15  
20           percent credit;

1           (C) an eligible three-star child care and early learning program: 10  
2           percent credit; and

3           (D) an eligible one- or two-star child care and early learning  
4           program: five percent credit.

5           (3) Payments made to an eligible child care or early learning program  
6           for child care or early learning services to support employees or the purchase  
7           of child care slots at an eligible child care or early learning program that are  
8           provided to or reserved for the children of employees shall be eligible for the  
9           following credit:

10           (A) up to \$4,000.00 per child per tax year for services or slots  
11           purchased from an eligible five-star child care or early learning program shall  
12           be eligible for a 20 percent refundable credit;

13           (B) up to \$3,000.00 per child per tax year for services or slots  
14           purchased from an eligible four-star child care or early learning program shall  
15           be eligible for a 15 percent refundable credit;

16           (C) up to \$2,000.00 per child per tax year for services or slots  
17           purchased from an eligible three-star child care or early learning program shall  
18           be eligible for a 10 percent refundable credit;

19           (D) up to \$1,000.00 per child per tax year for services or slots  
20           purchased from an eligible two-star child care or early learning program shall  
21           be eligible for a five percent refundable credit; and

1           (E) up to \$500.00 per child per tax year for services or slots  
2           purchased from an eligible one-star child care or early learning program shall  
3           be eligible for a five percent refundable credit.

4           (4) Up to \$5,000.00 of in-kind or monetary donations to an eligible child  
5           care or early learning program shall be eligible for a refundable credit as  
6           follows:

7           (A) to an eligible five-star child care or early learning program:  
8           20 percent credit;

9           (B) to an eligible four-star child care or early learning program:  
10          15 percent credit;

11          (C) to an eligible three-star child care or early learning program:  
12          10 percent credit; and

13          (D) to an eligible one- or two-star child care or early learning  
14          program: five percent credit.

15          (5) Up to \$5,000.00 of in-kind monetary donations to a parent-child  
16          center as defined in 33 V.S.A. § 3701, or community child care support agency  
17          shall be eligible for a refundable credit of 20 percent.

18          (c) The credits provided for in this section shall be allowed against a  
19          corporate income tax or business income tax for the taxable period in which  
20          the credit is earned. If the tax credit exceeds the amount of such taxes due,  
21          then the unused credit shall be refunded as provided for in this title.

1       (d)(1) Annually, the Department for Children and Families shall make  
2       available to the Department of Taxes a list of all eligible child care and early  
3       learning programs, excluding those programs whose license was revoked  
4       during the tax year due to regulatory violations.

5       (2) In order for a business to claim a credit under this section, the  
6       business shall provide the Department of Taxes with the following:

7               (A) For expenses related to a regulated child care and early learning  
8       program, the business shall provide:

9                       (i) the name and Vermont licensing number of the eligible child  
10       care or early learning program to or for whom the eligible expenses were paid;

11                      (ii) the amount and nature of qualifying expenses paid by or on  
12       behalf of each child care or early learning program;

13                      (iii) the eligible child care or early learning program's STAR  
14       rating; and

15                      (iv) any other information required by the Commissioner of  
16       Taxes.

17               (B) For expenses related to a parent-child center or community child  
18       care support agency, the business shall provide:

19                      (i) the name and tax identification number of the eligible child  
20       care or early learning program to or for whom the eligible expenses were paid;

1           (ii) the amount and nature of qualifying expenses at each eligible  
2 child care or early learning program; and

3           (iii) any other information required by the Commissioner of  
4 Taxes.

5           (e) The tax credit provided for in this section shall cease to exist on  
6 December 31, 2024, and shall not be available for tax year 2025 or after.

7           (f) As used in this section, an “eligible child care and early learning  
8 program” means a registered or licensed family child care home, center-based  
9 child care or preschool program, or after school program as defined by the  
10 Department for Children and Families’ Child Development Division in rule.

11           (g) The amount of the credits permitted under this section shall be limited  
12 to \$2,000,000.00 in any taxable year. If the amount of credits claimed in a  
13 taxable year exceeds \$2,000,000.00, the credits shall be distributed to  
14 claimants on a proportional basis by the Commissioner of Taxes.

15 Sec. 8. 33 V.S.A. chapter 35, subchapter 4 is amended to read:

16           Subchapter 4. Child Care ~~Facilities Financing~~ Special Funds

17                                   \* \* \*

18           § 3532. EARLY CARE AND LEARNING FUND

19           (a)(1) The Early Care and Learning Fund is established pursuant to 32  
20 V.S.A. chapter 7, subchapter 5 to consolidate monies designated for child care  
21 and early learning, workforce development, quality improvement, and



1 technical assistance. It shall ensure the equitable funding for programs that  
2 support:

3 (A) the care of children from birth through age 13, or to age 19,  
4 based on certain qualifying conditions; and

5 (B) the early education of children from birth through age five.

6 (2) The Fund shall be administered by the Department for Children and  
7 Families. The Department shall consult with the Agency of Education with  
8 regard to the administration of publicly-funded prekindergarten.

9 (b) Monies appropriated from this Fund shall be used to make payments to:

10 (1) school districts, supervisory unions, and registered or licensed child  
11 care and early learning programs for the support of publicly funded  
12 prekindergarten education in accordance with 16 V.S.A. § 829; and

13 (2) registered or licensed child care and early learning programs for the  
14 provision of child care and early learning services.

15 Sec. 9. EFFECTIVE DATE

16 This act shall take effect on July 1, 2019.