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S.90

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Introduced by Senators Ingram, Balint, Clarkson, Hardy, Lyons and Perchlik

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Referred to Committee on

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Date:

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Subject: Human services; child care; financial assistance; early learning

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professional tuition repayment assistance; tax credits; special fund

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Statement of purpose of bill as introduced: This bill proposes to expand the

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population served by the Child Care Financial Assistance Program, enhance

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subsidy size, and increase the rate upon which reimbursements to early

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learning professionals are based. It also proposes to implement a student loan

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repayment program for early learning professionals and expand an existing

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scholarship to individuals seeking a degree in early childhood education or

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early childhood special education. The bill establishes a refundable tax credit

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for early learning professionals and for employers investing in child care. It

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also establishes the Early Care and Learning Fund.

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An act relating to establishing incentives for early learning professionals

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and improving access to child care

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

2 * * * Legislative Intent * * *

3 Sec. 1. LEGISLATIVE INTENT

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

11 (1) grow and support its early education workforce and address existing
12 compensation disparities;

13 (2) expand the Child Care Financial Assistance Program to provide a
14 100 percent benefit to families earning less than Vermont's livable wage;

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

18 (4) establish a dedicated funding source for the early care and learning
19 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
7 200 percent of the federal poverty guidelines receive 100 percent of the
8 available 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
16 32 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
16 33 V.S.A. § 5822 for eligible early learning professionals. The credit shall be
17 for the amounts set forth in subdivision (1) of this subsection and based upon
18 the Vermont Northern Lights Career Development Center for Early Childhood
19 and Afterschool Professionals (Northern Lights) credentials set forth in
20 subdivision (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:
18 20 percent credit;

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

1 (C) an eligible three-star child care and early learning program:
2 10 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
20 32 V.S.A. chapter 7, subchapter 5 to consolidate monies designated for child
21 care 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.