H.171

Lippert of Hinesburg, Long of Newfane, Masland of Thetford,

McCarthy of St. Albans City, McCullough of Williston,

McFaun of Barre Town, Morgan, L. of Milton, Morgan, M. of

Milton, Mrowicki of Putney, Mulvaney-Stanak of Burlington,

Nicoll of Ludlow, Nigro of Bennington, Norris of Sheldon,

Noyes of Wolcott, Ode of Burlington, Page of Newport City,

Pajala of Londonderry, Partridge of Windham, Patt of

Worcester, Pugh of South Burlington, Rachelson of Burlington,

Redmond of Essex, Rosenquist of Georgia, Savage of Swanton,

Scheu of Middlebury, Scheuermann of Stowe, Seymour of

Sutton, Sheldon of Middlebury, Sims of Craftsbury, Small of

Winooski, Smith of New Haven, Squirrell of Underhill,

Stebbins of Burlington, Stevens of Waterbury, Till of Jericho,

Toleno of Brattleboro, Troiano of Stannard, Vyhovsky of

Essex, Walz of Barre City, Webb of Shelburne, White of

Bethel, White of Hartford, Whitman of Bennington, and

Yantachka of Charlotte

Referred to Committee on

Date:

Subject: Human services; child care; financial assistance; workforce
Statement of purpose of bill as introduced: This bill proposes to: (1) expand the eligibility of the Child Care Financial Assistance Program; (2) appropriate funds for the implementation of the Bright Futures Information System modernization plan; (3) establish scholarships and student loan repayment assistance programs for existing and prospective members of the child care workforce; (4) require the completion of studies on child care financing and governance; and (5) establish an Early Care and Education Governance and Administration Advisory Committee.

An act relating to the governance and financing of Vermont’s child care system

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

* * * Findings and Legislative Intent * * *

Sec. 1. FINDINGS AND LEGISLATIVE INTENT

(a) The General Assembly finds that:

(1) Child care is an essential component of Vermont’s economy.

(2) Prior to the COVID-19 pandemic, three out of five of Vermont’s youngest children did not have access to the amount of child care needed by their families.
According to the Georgetown University Center on Education and Workforce, early childhood educators are the lowest paid college graduates of any degree program.

The Vermont Early Care and Learning Dividend Study found that increased investment in early care and education, as described in the recommendations of Vermont’s Blue Ribbon Commission on Financing High-Quality, Affordable Child Care, would yield $3.08 for every additional dollar invested into the system.

The COVID-19 pandemic has exacerbated already pressing challenges, making it even harder for families to find affordable, high-quality child care and more difficult for early childhood education programs to find and retain qualified educators.

The Council for a Strong America found in a national child care economic study that the U.S. economy loses $57 billion annually due to child care challenges.

The U.S. Chamber of Commerce Foundation found that high-quality child care is a powerful two-generation workforce development strategy that strengthens today’s workforce and puts children on the path to develop well and enter kindergarten ready to thrive in school, work, and life.

Therefore, it is the intent of the General Assembly that immediate investments are necessary to support Vermont’s economy, ensure that all
families with young children have affordable access to high-quality early
care education, and that Vermont’s early childhood educators, the
backbone of our economy, are fairly compensated and well supported.

*** Child Care Financial Assistance Program ***

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

§ 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;

ELIGIBILITY

(a)(1) The Child Care Financial Assistance Program is established to
subsidize, to the extent that funds permit, the costs of child care for families
that need child care services in order to obtain employment, to retain
employment, or to obtain training leading to employment, or to support the
healthy development of their children. Families seeking employment shall be
entitled to participate in the Program for up to three months and the
Commissioner may further extend that period.

(2) The subsidy authorized by this subsection shall be on a sliding scale
basis. The scale shall be established by the Commissioner, by rule, and shall
bear a reasonable relationship to income and family size. The lower limit of
the fee scale shall include families whose gross income is up to and including
400 150 percent of the current federal poverty guidelines. The upper income
limit of the fee scale shall be neither less than 200 percent of the current
federal poverty guidelines nor more than 100 percent of the State median
income, adjusted for the size of the family. The scale shall be structured so
that it encourages supports employment. If the federal poverty guidelines
decrease in a given year, the Division shall maintain the previous year’s federal
poverty guidelines for the purpose of determining eligibility and benefit
amount under this subsection.

* * *

Sec. 3. FEE SCALE; FISCAL YEAR 2022

Notwithstanding 33 V.S.A. § 3512(a)(2), in fiscal year 2022, the upper
income limit of the fee scale shall not be less than 350 percent of the federal
poverty level guidelines, adjusted for the size of the family.

Sec. 4. 33 V.S.A. § 3512 is amended to read:

§ 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;

ELIGIBILITY

(a)(1) The Child Care Financial Assistance Program is established to
subsidize, to the extent that funds permit, the costs of child care for families
that need child care services in order to obtain employment, to retain
employment, to obtain training leading to employment, or to support the
healthy development of their children.

* * *

(4) After September 30, 2021, a regulated center-based child care
program or family child care home as defined by the Department in rule shall
not receive funds pursuant to this subsection that are in excess of the usual and customary rate for services at the center-based child care program or family child care home.

(5) Families eligible to participate in the Child Care Financial Assistance Program shall include those in which a parent or guardian:

(A) works at least part-time;
(B) works a nontraditional schedule;
(C) is enrolled only part-time in a higher education or job training program, including graduate and professional programs or a second bachelor’s degree program; or
(D) is participating in inpatient or intensive outpatient substance misuse treatment or mental health treatment, or both.

* * *

Sec. 5. 33 V.S.A. § 3514 is amended to read:

§ 3514. PAYMENT TO PROVIDERS

(a) The Commissioner shall establish a payment schedule for purposes of reimbursing providers for full or part-time child care services rendered to families who participate in the programs established under section 3512 or 3513 of this title. Payments established under this section shall reflect the following considerations: whether the provider operates a licensed child care facility or a registered family child care home regulated child care program, the
type of service provided, and the cost of providing the service and the prevailing market rate for comparable service, including early childhood educator compensation that is commensurate with peers in other fields.

Payments shall be based on enrollment status or any other basis agreed to by the provider and the Division.

* * *

Sec. 6. CHILD CARE AND DEVELOPMENT FUND STATE PLAN; AMENDMENT

To the extent funds permit, the Deputy Commissioner for the Department of Children and Families’ Child Development Division shall seek to amend the Division’s federal Child Care and Development Fund State Plan to:

(1) adjust the sliding scale of its Child Care Financial Assistance Program to ensure that families whose gross income is up to and including 150 percent of the federal poverty guidelines receive 100 percent of the available financial assistance benefit in accordance with Sec. 2 of this act;

(2) adjust the sliding scale of the Child Care Financial Assistance Program to calculate family contributions based on a percentage of the family’s annual income; and

(3) change the methodology used to inform the fee scale in its Child Care Financial Assistance Program from a market rate survey to a cost of care calculation.
Sec. 7. APPROPRIATION AND LEGISLATIVE INTENT; CHILD CARE

FINANCIAL ASSISTANCE PROGRAM

(a) In fiscal year 2022, $4,750,004.00 is appropriated from the General Fund to the Department for Children and Families’ Child Development Division above the fiscal year 2021 base appropriation for the purpose of implementing Secs. 2 and 3 of this act.

(b) It is the intent of the General Assembly that:

(1) an appropriation that meets or exceeds the amount distributed in fiscal year 2022 be made in fiscal years 2023 through 2026 to progressively adjust the upper income limit of the Child Care Financial Assistance Program fee scale each year; and

(2) by fiscal year 2026, a family shall spend not more than ten percent of their gross annual income on child care.

* * * Bright Futures Information System * * *

Sec. 8. BRIGHT FUTURES INFORMATION SYSTEM;

MODERNIZATION PLAN

In fiscal year 2022, $4,700,000.00 is appropriated from the General Fund to the Department for Children and Families’ Child Development Division for the purpose of completing implementation of the Bright Futures Information System modernization plan.
Sec. 9. 33 V.S.A. chapter 35, subchapter 5 is added to read:

Subchapter 5. Workforce

§ 3541. SCHOLARSHIPS FOR CURRENT EARLY CHILDHOOD PROVIDERS

(a) There is established a need-based scholarship program for individuals employed by a regulated, privately operated center-based child care program or family child care home while acquiring credits in early childhood development or that are related directly to working with children from birth through eight years of age.

(b) The Division shall contract for the administration of the program set forth in subsection (a) of this section and adopt policies, procedures, and guidelines necessary for its implementation. Scholarships distributed pursuant to this section shall be available on a first-come, first-served basis until any appropriated funds are depleted.

(c) An individual shall not simultaneously participate in the scholarship program set forth in this section and the student loan repayment assistance program set forth in section 3543 of this title.

§ 3542. SCHOLARSHIPS FOR PROSPECTIVE EARLY CHILDHOOD PROVIDERS
(a)(1) There is established a scholarship program for individuals pursuing a college or graduate degree in early childhood education or early childhood special education. The scholarship program shall provide financial assistance up to the full cost of tuition for an eligible individual.

(2) An eligible individual shall:

   (A) attend a Vermont college or university at least part-time;

   (B) be pursuing an associates, bachelor’s or master’s degree in early childhood education or early childhood special education; and

   (C) commit to working in early childhood education in Vermont for at least three years after completion of their degree program.

(b) The Department shall adopt policies, procedures, and guidelines necessary for implementation of the program described in subsection (a) of this section. Scholarships distributed pursuant to this section shall be available on a first-come, first-served basis until any appropriated funds are depleted.

(c) An individual shall not simultaneously participate in the scholarship program set forth in this section and the student loan repayment assistance program set forth in section 3543 of this title.

§ 3543. STUDENT LOAN REPAYMENT ASSISTANCE

(a)(1) There is established a student loan repayment assistance program for the purpose of providing student loan repayment assistance to any individual
employed by a regulated, privately operated center-based child care program or
family child care home.

(2) An eligible individual shall:

(A) work in a privately operated center-based child care program as a lead or associate teacher or in a family child care home that is regulated by the Division for at least an average of 30 hours per week for 48 weeks of the year;

(B) receive an annual salary of not more than $60,000.00; and

(C) have earned a bachelor’s or master’s degree in early childhood education or early childhood special education within the preceding five years.

(3) To participate in the program set forth in this section, an eligible individual shall submit to the Department for Children and Families documentation expressing the individual’s intent to work in a regulated, privately operated center-based child care program or family child care home for at least the following 12 months. A participant may receive up to $4,500.00 annually in student loan repayment assistance, which shall be distributed by the Department in four allotments. The Department shall distribute at least one-quarter of the individual’s total annual benefit after the individual has completed three months of employment in accordance with the program. The remainder of an individual’s total annual benefit shall be distributed by the Department every three months after the initial payment.
(b)(1) The Department shall adopt policies, procedures, and guidelines necessary to implement the provisions of this section.

(2) Funds appropriated for this program shall be expended for repayment of student loans. Student loan repayments shall be available pursuant to this section on a first-come, first-served basis until appropriated funds are depleted.

(3) An individual shall not simultaneously participate in the student loan repayment assistance program set forth in this section and either of the scholarship programs set forth in section 3541 or 3542 of this title.

Sec. 10. APPROPRIATION AND LEGISLATIVE INTENT; EARLY CHILDHOOD WORKFORCE PROGRAMS

(a)(1) In fiscal year 2022, $300,000.00 is appropriated from the General Fund to the Department for Children and Families’ Child Development Division for the Current Early Childhood Provider Scholarship Program established pursuant to 33 V.S.A. § 3541.

(2) In fiscal year 2022, $200,000.00 is appropriated from the General Fund to the Department for Children and Families for the Prospective Early Childhood Provider Scholarship Program established pursuant to 33 V.S.A. § 3542.
(3) In fiscal year 2022, $2,000,000.00 is appropriated from the General Fund to the Department for Children and Families for the student loan repayment assistance program established pursuant to 33 V.S.A. § 3543.

(b) It is the intent of the General Assembly that appropriations that meet or exceed each of the amounts appropriated in fiscal year 2022 pursuant to subdivisions (a)(1) through (3) of this section be made in fiscal years 2023 through 2026.

Sec. 11. REPEALS

(a) 33 V.S.A. § 3541(c) (reference to student loan repayment assistance program) is repealed on July 1, 2026.

(b) 33 V.S.A. § 3542 (scholarships for prospective early childhood providers) is repealed on July 1, 2026.

(c) 33 V.S.A. § 3543 (student loan repayment assistance program) is repealed on July 1, 2026.

* * * Studies and Reports * * *

Sec. 12. EARLY CARE AND EDUCATION GOVERNANCE STUDY

(a) In order to ensure that Vermont’s governance for early childhood education effectively meets the needs of children, families, and providers, Building Bright Futures shall undertake an analysis that evaluates and makes recommendations on the following:
(1) existing early childhood education governance and administrative stakeholders and structures;

(2) early childhood education governance and administrative functions that are currently not staffed or understaffed;

(3) emerging system needs;

(4) stakeholder engagement in decision-making processes and State plan development;

(5) mechanisms to strengthen system oversight and leverage current system strengths;

(6) identification of existing needs and challenges; and

(7) ensuring that an antiracist approach is utilized in modifying existing policies and procedures and creating new policies and procedures.

(b) On or before January 15, 2022, Building Bright Futures shall submit the analysis and recommendations required pursuant to this section to the General Assembly.

(c) Building Bright Futures shall consult the Early Care and Education Advisory Committee, established in Sec. 14 of this act, in preparing the analysis and recommendations required pursuant to this section.

(d)(1) In fiscal year 2022, $150,000.00 is appropriated from the General Fund to Building Bright Futures for the purpose of implementing this section.
(2) Building Bright Futures may use appropriated funds to cover administrative needs associated with the study and to contract a consultant with experience in organizational or administrative governance, administration, or system management experience.

(e) As used in this section, “early care and education” means programming provided at a center-based child care program or family child care home regulated by the Department for Children and Families’ Child Development Division that serves children from birth through five years of age.

Sec. 13. EARLY CHILDHOOD FINANCING STUDY

(a) On or before January 15, 2022, the State Treasurer, Auditor, Joint Fiscal Office, Commissioner of Finance, and Commissioner of Taxes shall deliver to the General Assembly a comprehensive report identifying and determining the feasibility of implementing a stable, long-term funding source to finance an affordable, high-quality early child care system given child care’s role in postpandemic stimulus and long-term economic development. The State Treasurer, Auditor, Joint Fiscal Office, Commissioner of Finance, and Commissioner of Taxes shall consider stable, ongoing funding necessary to achieve an early care and education system in which:

(1) a family does not spend more than 10 percent of its gross annual income on child care;
(2) child care providers receive compensation on par with their peers in other fields;

(3) all Vermont children below five years of age have access to a child care space that meets their needs; and

(4) early care and education programs are able to support families’ access to coordinated services.

(b) The report required pursuant to this section shall determine:

(1) a stable, long-term funding source to fund the system;

(2) the optimum design of a stable, long-term funding source;

(3) the feasibility of such a stable, long-term funding source, in terms of sustainability, equity, and appropriateness; and

(4) the feasibility of dedicating revenue from a stable, long-term funding source to a dedicated Early Care and Education Fund and the most efficient methods of administering distribution of the Fund.

(c) The Treasurer, Auditor, Joint Fiscal Office, and Tax Commissioner shall include input from State or contracted economists and analysts, or both, including an economist or analyst with expertise specifically related to early care and education issues.

(d)(1) As part of the report, the Treasurer, Auditor, Joint Fiscal Office, Commissioner of Finance, Commissioner of Taxes, and contracted advisors shall produce a consensus evaluation of the economic impact of investment in
high-quality, affordable child care for children from birth through five years of age through a stable, long-term funding source. The consensus evaluation shall include both microeconomic and macroeconomic simulations, looking at individual and economywide impacts and responses, and the allocation of such impacts across economic sectors, including direct, indirect, and induced results.

(2) Data and tools used to produce the consensus evaluation shall be employed, including Moody’s Analytics and customized Moody’s online Vermont models, as well as dynamic and other input- and output-based models, including those from Regional Economic Models, Inc. (REMI), Regional Dynamics, Inc. (REDYN), IMPLAN, and other models as advised.

(3) The consensus evaluation shall consider:

   (A) demographic impacts;

   (B) workforce impacts;

   (C) warnings, savings, and multiplier effects for:

       (i) parents or guardians;

       (ii) child care providers;

       (iii) early care and education programs;

       (iv) entities providing supplies and services for early care and education programs; and
(v) children receiving child care as future members of the workforce;

(D) general business earnings and multipliers stemming from increased workforce participation;

(E) community development;

(F) increased tax revenue; and

(G) social service savings, including:

(i) health care;

(ii) education; and

(iii) corrections.

(4) The consensus evaluation shall present findings on:

(A) the efficacy of the infrastructure investment in high-quality, affordable early care and education as a short-term stimulus to enhance Vermont’s economic well-being in the immediate aftermath of the COVID-19 pandemic; and

(B) the efficacy of the infrastructure investment in high-quality, affordable early care and education as a long-term economic development tool and, to the extent possible, to quantify long-term return on investments.

(e) The Secretary of Administration shall be allowed to accept philanthropic contributions to underwrite the cost of hiring economists and
analysts to provide expertise specific to early care and education in accordance with this section.

(f) As used in this section, “early care and education” means programming provided at a center-based child care program or family child care home regulated by the Department for Children and Families’ Child Development Division that serves children from birth through five years of age.

* * * Early Care and Education Governance and Administration Advisory Commission * * *

Sec. 14. EARLY CARE AND EDUCATION GOVERNANCE AND ADMINISTRATION ADVISORY COMMITTEE

(a) Creation. There is created the Early Care and Education Governance and Administration Advisory Committee to advise the Department for Children and Families’ Child Development Division on all services pertaining to child care and early education regulation, including:

(1) child care licensing rules, policies, and procedures;

(2) administration of the early childhood education system;

(3) Child Care Financial Assistance Program rules, policies, procedures, and plans;

(4) child care provider credentialing and compensation standards;

(5) early childhood care and education curricula standards, including antiracist early childhood education practices and standards; and
(6) the early care and education governance and administration study
pursuant to Sec. 12 of this act.

(b) Membership. The Committee members shall be appointed by Building
Bright Futures and shall be composed of the following members:

(1) a parent or caregiver from a large town or city;
(2) a parent or caregiver from a rural community;
(3) a family child care home provider;
(4) a center-based child care and preschool program provider;
(5) a Head Start family policy advisory council member;
(6) a Head Start early childhood provider or program director;
(7) a representative of the Vermont Association for the Education of
Young Children;
(8) a representative of the Vermont Early Childhood Education Higher
Education Consortium;
(9) a representative of Vermont’s Parent Child Center Network;
(10) a representative of a community child care resource agency;
(11) a provider of Children’s Integrated Services;
(12) a provider of early childhood special education services;
(13) a regional Universal Pre-K Coordinator;
(14) a pediatrician; and
(15) a community member.
(c) Assistance. The Committee shall have the administrative assistance of Building Bright Futures and the technical and legal assistance of the Department for Children and Families’ Child Development Division.

(d) Report. Annually, on or before January 15, the Committee shall submit a written report to the House Committee on Human Services and to the Senate Committee on Health and Welfare with a summary of its annual activities, findings, and any recommendations for legislative action.

(e) Meetings.

(1) Building Bright Futures shall call the first meeting of the Committee to occur on or before September 1, 2021.

(2) The Committee shall select a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(4) The Committee shall cease to exist on January 1, 2024.

(f) Compensation and reimbursement. Members of the Committee shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than six meetings annually. These payments shall be made from monies appropriated to Building Bright Futures.

(g) Appropriation. In fiscal year 2022, $25,000.00 is appropriated from the General Fund to Building Bright Futures.
(h) Definition. As used in this section, “early care and education” means programming provided at a center-based child care program or family child care home regulated by the Department for Children and Families’ Child Development Division that serves children from birth through five years of age.

*** Effective Dates ***

Sec. 15. EFFECTIVE DATES

This act shall take effect on July 1, 2021, except that Sec. 4 (Child Care Financial Assistance Program; eligibility) shall take effect on July 1, 2022.