

H.171

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:

* * * Legislative Intent * * *

Sec. 1. LEGISLATIVE INTENT

It is the intent of the General Assembly:

(1) that immediate investments are necessary to support Vermont's economy, ensure that all families with young children have affordable access to high-quality child care and early education, and that Vermont's early childhood educators are fairly compensated and well supported; and

(2) to continue and build upon the five-year redesign of the Child Care Financial Assistance Program that began in fiscal year 2020.

* * * 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. 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 100 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. Families shall be found eligible using an income eligibility scale based on the current federal poverty level and adjusted for the size of the family. Co-payments shall be assigned to the whole family and shall not increase if more than one eligible child is enrolled in child care. Families with an annual gross income of less than or equal to 150 percent of the current federal poverty guidelines shall not have a family co-payment. Families with an annual gross income up to and including 350 percent of current federal poverty guidelines, adjusted for family size, shall be eligible for a subsidy authorized by the subsection.~~ The scale shall be structured so that it encourages 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.

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Sec. 3. 33 V.S.A. § 3514 is amended to read:

§ 3514. PAYMENT TO PROVIDERS

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(c)(1) The payment schedule established by the Commissioner may reimburse providers in accordance with the results of the most recent Vermont Child Care Market Rate Survey.

(2) The payment schedule shall include reimbursement rate caps tiered in relation to provider ratings in the Vermont STARS program. The lower limit of the reimbursement rate caps shall be not less than the 50th percentile of all reported rates for the same provider setting in each rate category.

Sec. 4. APPROPRIATION AND LEGISLATIVE INTENT; CHILD CARE
FINANCIAL ASSISTANCE PROGRAM

(a) In fiscal year 2022, \$5,529,000.00 is appropriated from the General Fund to the Department for Children and Families' Child Development Division for the purpose of implementing Secs. 2 and 3 of this act.

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

(1) consideration 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 October 1, 2021, the co-payment at the upper limit of the income eligibility scale for a family participating in the Child Care Financial Assistance Program shall not exceed 10 percent of a family's annual gross income.

* * * Bright Futures Information System * * *

Sec. 5. BRIGHT FUTURES INFORMATION SYSTEM;

MODERNIZATION PLAN

(a) Funds for the modernization of the Bright Futures Information System are located within the Technology Modernization Reserve.

(b)(1) On or before October 1, 2021, the Department for Children and Families' Child Development Division shall make every reasonable effort to achieve full functionality of the first module of the modernized Bright Futures Information System.

(2) On or before August 1, 2021, the Department for Children and Families' Child Development Division shall convene and consult with a Bright Futures Information System end-user group, composed of child care providers, eligibility specialists from community child care support agencies, families participating in the Child Care Financial Assistance Program, and any other

relevant stakeholders. The Division shall provide periodic updates to the end-user group regarding the Division's progress in completing the modernization project and any successes or challenges identified once the modernized Bright Futures Information System is operational. The Division shall actively seek advice and feedback from the end-user group regarding the modernized Bright Futures Information System. The end-user group shall be dissolved following full functionality of all components of the modernized Bright Futures Information System.

* * * Workforce Supports * * *

Sec. 6. 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 Department of Children and Families may 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.

(c) Scholarships distributed pursuant to this section shall be available on a first-come, first-served basis until any appropriated funds are depleted.

(d) 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 need-based scholarship program for individuals pursuing a college 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 or bachelor's degree in early childhood education or early childhood special education; and

(C) commit to working in a regulated, privately operated center-based child care program or family child care home in Vermont for years equal to those in which scholarship monies are sought under this section.

(b)(1) The Department for Children and Families shall adopt policies, procedures, and guidelines necessary for implementation of the program described in subsection (a) of this section.

(2) The Department may contract for the administration of the program. Administration costs shall not be more than 10 percent of the total appropriation received to implement this section.

(c)(1) Scholarships distributed pursuant to this section shall be available on a first-come, first-served basis until any appropriated funds are depleted.

(2) An eligible individual who does not work the required number of years in a regulated, privately operated center-based child care program or family child care home in Vermont after completion of the individual's degree program shall repay scholarship monies received under this section commensurate with the balance of the eligible individual's time commitment.

(d) 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 need-based 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 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 \$50,000.00; and

(C) have earned an associates or bachelor's degree with a major concentration in early childhood, child and human development, elementary education, special education with a birth to age eight focus, or child and family services 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 12 months following the annual loan repayment award notification. A participant may receive up to \$4,000.00 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) Student loan repayments shall be available pursuant to this section on a first-come, first-served basis until appropriated funds are depleted.

(3) The Department may contract for the administration of the program. Administration costs shall not be more than 10 percent of the total appropriation received to implement this section.

(c) 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. 7. APPROPRIATION AND EVALUATION; EARLY CHILDHOOD
WORKFORCE PROGRAMS

(a) In fiscal year 2022:

(1) \$300,000.00 is appropriated 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) \$400,000.00 is appropriated to the Department for Children and Families for the prospective early childhood provider scholarship program established pursuant to 33 V.S.A. § 3542.

(3) \$1,800,000.00 is appropriated to the Department for Children and Families for the student loan repayment assistance program established pursuant to 33 V.S.A. § 3543.

(b) On or before October 1, 2025, the Department for Children and Families' Child Development Division, in consultation with stakeholders, shall submit a report to the House Committees on Commerce and Economic Development and on Human Services and to the Senate Committees on Economic Development, Housing, and General Affairs and on Health and Welfare:

(1) evaluating the effectiveness of the scholarship and student loan repayment programs established in 33 V.S.A. chapter 35, subchapter 5 at recruiting and retaining providers in Vermont's child care and early learning system; and

(2) recommending whether the scholarship and student loan repayment programs established in 33 V.S.A. chapter 35, subchapter 5 shall be repealed in accordance with Sec. 8 of this act, retained and funded in their current state, or retained with amendment.

Sec. 8. REPEALS

(a) 33 V.S.A. § 3541(d) (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.

* * * Building Bright Futures' Powers and Duties * * *

Sec. 9. 33 V.S.A. § 4603 is amended to read:

§ 4603. POWERS AND DUTIES

The Council established by section 4602 of this title shall have the following powers and duties necessary and appropriate to effectuating the purposes of this chapter:

(1) Advise the Administration and General Assembly on:

(A) the status and needs of the early care, health, and education system by conducting a review of the status of young children in Vermont and the care, health, and education services and systems that support them; and

(B) planning related to and the administration and operation of Vermont's child care system.

* * *

(3) Develop an early care, health, and education system plan for Vermont to serve as the basis for policy and funding recommendations, which shall reflect the growing diversity of Vermont's children and families.

* * *

(12) Convene members of the child care community, medical community, education community, business community, and other organizations, as well as State agencies serving young children, to ensure that families receive quality services in the most efficient and cost-effective manner.

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* * * Recommendations on the American Rescue Plan Act of 2021 * * *

Sec. 10. RECOMMENDATIONS; AMERICAN RESCUE PLAN ACT OF
2021; CHILD CARE DEVELOPMENT BLOCK GRANT

(a) Purpose and membership. The Department for Children and Families, in coordination with Building Bright Futures, shall convene a child care working group composed of mutually agreed to stakeholders that reflect the growing diversity of Vermont's children and families, including individuals who are Black, Indigenous, and Persons of Color. Members of this working group shall include a representative from both the House Committee on Human Services and the Senate Committee on Health and Welfare, as well as individuals representing families, child care and afterschool providers, the business community, child welfare advocates, and consultation with any other individuals necessary to make recommendations for most effectively utilizing Child Care Development Block Grant funding received by the State pursuant

to the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (ARPA) to meet the immediate and future child care needs of Vermonters.

(b) Powers and duties. The working group shall make recommendations to the General Assembly to ensure that the use of the ARPA Child Care Development Block Grant is fully utilized. The working group shall consider the following priorities but need not be limited to consideration of the listed priorities:

(1) funding necessary to ensure that the co-payment for a family participating in the Child Care Financial Assistance Program shall not exceed 10 percent of a family's annual gross income;

(2) expansion of the Child Care Financial Assistance Program to families whose incomes are up to 400 percent of the current federal poverty level;

(3) funding necessary to complete the child care and early childhood education systems analysis and financing studies pursuant to Secs. 13 and 14 of this act;

(4) funding necessary to implement the child care workforce support programs established in 33 V.S.A. chapter 35, subchapter 5;

(5) increased access to high-quality infant care;

(6) access to high-quality, affordable child care for culturally and racially diverse families;

(7) support and assistance to stabilize regulated, privately operated center-based child care programs and family child care homes; and

(8) the identification of any statutory or regulatory barriers to using the ARPA funds to address the immediate and future child care needs of Vermonters.

(c) Report. On or before November 30, 2021, the Department for Children and Families shall submit a written report to the House Committees on Appropriations and on Human Services and to the Senate Committees on Appropriations and on Health and Welfare containing the working group's recommendations.

(d) Meetings.

(1) The Commissioner for Children and Families or designee and the Executive Director of Building Bright Futures shall call the first meeting of the working group and shall serve as Co-Chairs.

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

(3) The working group shall cease to exist on December 1, 2021.

Sec. 11. RECOMMENDATIONS; AMERICAN RESCUE PLAN ACT OF
2021; CHILD CARE STABILIZATION GRANTS

(a) Purpose and membership. The Department for Children and Families, in coordination with Building Bright Futures, shall convene a child care working group composed of mutually agreed to stakeholders that reflect the

growing diversity of Vermont's children and families, including individuals who are Black, Indigenous, and Persons of Color. Members of this working group shall include a representative from both the House Committee on Human Services and the Senate Committee on Health and Welfare, child care and afterschool providers, and consultation with any other individuals necessary to make recommendations for most effectively utilizing Child Care Stabilization Grants funding received by the State pursuant to the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (ARPA) to meet the immediate and future child care needs of Vermonters.

(b) Powers and duties. The working group shall make recommendations to ensure that the use of the ARPA Child Care Stabilization Grants funding is fully utilized in a timely manner.

(c) Report and Approval. On or before September 1, 2021, the Department shall submit a written report to the Joint Fiscal Committee and to the Chairs of the House Committee on Human Services and the Senate Committee on Health and Welfare containing the working group's recommendations. Upon receipt, the Joint Fiscal Committee shall have five days to approve or reject the working group's recommendations. If the Joint Fiscal Committee does not act within five days, the recommendations shall be deemed approved and the Department shall distribute the funds according to the recommendations. If the Joint Fiscal Committee rejects the recommendations within the five-day

window, it shall hold a meeting as soon as possible to receive testimony from the Department.

(d) Meetings.

(1) The Commissioner for Children and Families or designee and the Executive Director of Building Bright Futures shall call the first meeting of the working group and shall serve as Co-Chairs.

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

(3) The working group shall cease to exist on January 1, 2022.

* * * Studies and Reports * * *

Sec. 12. REPORT; CHILD CARE FINANCIAL ASSISTANCE PROGRAM;
ENROLLMENT MODEL

On or before July 1, 2022, the Department for Children and Families' Child Development Division shall submit to the House Committees on Appropriations and on Human Services and to the Senate Committees on Appropriations and on Health and Welfare analyses addressing the costs and policy implications associated with moving from an attendance-based model to an enrollment-based model in the Child Care Financial Assistance Program.

Sec. 13. CHILD CARE AND EARLY CHILDHOOD EDUCATION

SYSTEMS ANALYSIS STUDY

(a) On or before September 1, 2022, Building Bright Futures shall submit an analysis and recommendations to the House Committee on Human Services and to the Senate Committee on Health and Welfare regarding the following:

(1) existing child care and early childhood education systems and administrative stakeholders and structures, including functions that are currently not staffed or understaffed;

(2) emerging system needs;

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

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

(5) identification of existing needs and challenges; and

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

(b) All findings and recommendations provided pursuant to this section shall:

(1) be divided by birth through five years of age and six years of age through 12 years of age; and

(2) rely on the work and advice provided pursuant to Sec. 10 of this act.

(c) As used in this section, “child care and early childhood 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 12 years of age.

Sec. 14. CHILD CARE AND EARLY CHILDHOOD EDUCATION

FINANCING STUDY

(a) On or before January 1, 2022, the Joint Fiscal Office shall contract with an economist or independent consulting entity with expertise in the field of child care and early childhood education to evaluate the economic impacts of and potential funding mechanisms to adjusting Vermont’s existing child care system regulated pursuant to 33 V.S.A. chapter 35 for children from birth through five years of age with consideration given to the intersection of and impacts on child care for children from six years of age through 12 years of age in alignment with the recommendations of the Universal Afterschool Task Force established pursuant to 2020 Acts and Resolves No. 154, Sec. B.1120.1. The work of the economist or independent consulting entity shall be governed by the following goals:

(1) that a family does not spend more than 10 percent of its gross annual income on child care;

(2) that child care providers receive compensation that is commensurate with peers in other fields; and

(3) the utilization of a cost of care model versus a market rate model in the Child Care Financial Assistance Program.

(b)(1) On or before November 15, 2023, the consultant shall submit preliminary results to the Joint Fiscal Office and to the chairs of the House Committees on Appropriations, on Human Services, and on Ways and Means and to the Senate Committees on Appropriations, on Finance, and on Health and Welfare.

(2) On or before January 15, 2024, the consultant shall submit to the House Committees on Appropriations, on Human Services, and on Ways and Means and to the Senate Committees on Appropriations, on Finance, and on Health and Welfare results that:

(A) project the costs of expanding the State's child care benefit to more families in accordance with this section, requiring commensurate pay for providers, and utilizing cost of care in the Child Care Financial Assistance Program and the feasibility of implementing each policy in Vermont, both separately and jointly; and

(B) identify and determine the feasibility of implementing stable, long-term funding sources to finance an affordable, high-quality early child care system for children from birth through five years of age.

* * * Federal Funding, Administration * * *

Sec. 15. FEDERAL FUNDS; ANTICIPATED RECEIPTS

(a) To the extent that appropriations in this act are made from federal funds provided by the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (ARPA), including State holding funds that are established as a result of the ARPA, the Commissioner of Finance and Management is authorized to make expenditures in anticipation of receipts as necessary. In the event monies received by the State under ARPA cannot be used for their designated purpose, appropriations shall instead be made from the General Fund.

(b) The appropriations in this act from funds provided by ARPA shall carry forward from fiscal year 2021 until expended.

* * * Effective Dates * * *

Sec. 16. EFFECTIVE DATES

(a) This section and Secs. 10 (recommendations; American Rescue Plan Act of 2021; Child Care Development Block Grant) and 11 (recommendations; American Rescue Plan Act of 2021; Child Care Stabilization Grants) shall take effect on passage.

(b) All other sections shall take effect on July 1, 2021, except that Secs. 2 (Child Care Financial Assistance Program; eligibility) and 3 (payment to providers) shall take effect on October 1, 2021.