

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Human Services to which was referred House Bill No.
3 171 entitled “An act relating to the governance and financing of Vermont’s
4 child care system” respectfully reports that it has considered the same and
5 recommends that the bill be amended by striking out all after the enacting
6 clause and inserting in lieu thereof the following:

7 * * * Findings and Legislative Intent * * *

8 **Sec. 1. FINDINGS AND LEGISLATIVE INTENT**

9 (a) The General Assembly finds that:

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

11 (2) Prior to the COVID-19 pandemic, three out of five of Vermont’s
12 youngest children did not have access to the amount of child care needed by
13 their families.

14 (3) According to the Georgetown University Center on Education and
15 Workforce, early childhood educators are the lowest paid college graduates of
16 any degree program.

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

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

5 ~~(6) The Council for a Strong America found in a national child care~~
6 ~~economic study that that the U.S. economy loses \$57 billion annually due to~~
7 ~~child care challenges.~~

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

12 ~~(b) Therefore, it is the intent of the General Assembly that immediate~~
13 ~~investments are necessary to support Vermont's economy, ensure that all~~
14 ~~families with young children have affordable access to high-quality early~~
15 ~~childhood education, and that Vermont's early childhood educators, the~~
16 ~~backbone of our economy, are fairly compensated and well supported.~~

17 ~~It is the intent of the General Assembly to:~~

18 ~~(1) continue the five-year redesign of the Child Care Financial~~
19 ~~Assistance Program that began in fiscal year 2020 by:~~

1 (A) moving to a lower income limit of 150 percent of the current
2 federal poverty level and 350 percent of the upper income limit of the current
3 federal poverty level in fiscal year 2022; and

4 (B) graduating to at least the use of the 50 percent market rate for
5 determining family co-payments in fiscal year 2022 versus the previous 20
6 percent; and

7 (2) examine the feasibility of expanding a child care benefit to a greater
8 number of Vermont families.

9 * * * Child Care Financial Assistance Program * * *

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

11 § 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;

12 ELIGIBILITY

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

20 (2) The subsidy authorized by this subsection shall be ~~on a sliding scale~~
21 ~~basis.~~ The scale shall be established by the Commissioner, by rule, and shall

1 bear a reasonable relationship to income and family size. Families shall be
2 found eligible using an income eligibility scale based on the current federal
3 poverty level, with considerations to the Livable Wage and the Basic Needs
4 Budget, and adjusted for the size of the family and accordingly assigned a set
5 family co-payment. The lower limit of the fee income eligibility scale shall
6 include families whose gross income is up to and including ~~100~~ 150 percent of
7 the current federal poverty guidelines. The upper income limit of the fee
8 income eligibility scale shall be neither less than ~~200~~ 350 percent of the current
9 federal poverty guidelines ~~nor more than 100 percent of the State median~~
10 ~~income,~~ adjusted for the size of the family. The scale shall be structured so
11 that it ~~encourages~~ supports employment. If the federal poverty guidelines
12 decrease in a given year, the Division shall maintain the previous year's federal
13 poverty guidelines for the purpose of determining eligibility and benefit
14 amount under this subsection.

15 * * *

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

18 (A) works at least part-time;

19 (B) works a nontraditional schedule;

1 (C) is enrolled only part-time in a higher education or job training
2 program, including graduate and professional programs or a second bachelor's
3 degree program; or

4 (D) is participating in inpatient or intensive outpatient substance
5 misuse treatment or mental health treatment, or both.

6 * * *

7 Sec. 3. FEE SCALE; FISCAL YEAR 2022

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

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

12 § 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;

13 ELIGIBILITY

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

19 * * *

20 (4) After September 30, 2021, a A regulated center-based child care
21 program or family child care home as defined by the Department in rule shall

1 ~~not receive funds pursuant to this subsection that are in excess of the usual and~~
2 ~~customary rate for services at the center-based child care program or family~~
3 ~~child care home.~~

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

6 ~~(A) works at least part time;~~

7 ~~(B) works a nontraditional schedule;~~

8 ~~(C) is enrolled only part time in a higher education or job training~~
9 ~~program, including graduate and professional programs or a second bachelor's~~
10 ~~degree program; or~~

11 ~~(D) is participating in inpatient or intensive outpatient substance~~
12 ~~misuse treatment or mental health treatment, or both.~~

13 ~~***[Deleted.]~~

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

15 ~~§ 3514. PAYMENT TO PROVIDERS~~

16 ~~(a) The Commissioner shall establish a payment schedule for purposes of~~
17 ~~reimbursing providers for full or part time child care services rendered to~~
18 ~~families who participate in the programs established under section 3512 or~~
19 ~~3513 of this title. Payments established under this section shall reflect the~~
20 ~~following considerations: whether the provider operates a licensed child care~~
21 ~~facility or a registered family child care home regulated child care program, the~~

1 ~~type of service provided, and the cost of providing the service and the~~
2 ~~prevailing market rate for comparable service, including early childhood~~
3 ~~educator compensation that is commensurate with peers in other fields.~~

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

6 ~~*** [Deleted.]~~

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

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

12 ~~(1) adjust the sliding scale of its Child Care Financial Assistance~~
13 ~~Program to ensure that families whose gross income is up to and including~~
14 ~~150 percent of the federal poverty guidelines receive 100 percent of the~~
15 ~~available financial assistance benefit in accordance with Sec. 2 of this act;~~

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

19 ~~(3) change the methodology used to inform the fee scale in its Child~~
20 ~~Care Financial Assistance Program from a market rate survey to a cost of care~~
21 ~~calculation. [Deleted.]~~

1 Sec. 7. APPROPRIATION AND LEGISLATIVE INTENT; CHILD CARE
2 FINANCIAL ASSISTANCE PROGRAM

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

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

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

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

14 * * * Bright Futures Information System * * *

15 Sec. 8. BRIGHT FUTURES INFORMATION SYSTEM;
16 MODERNIZATION PLAN

17 In fiscal year 2022, \$4,700,000.00 is appropriated from the General Fund to
18 the Department for Children and Families' Child Development Division for the
19 purpose of completing implementation of the Bright Futures Information
20 System modernization plan.

1 * * * Workforce Supports * * *

2 Sec. 9. 33 V.S.A. chapter 35, subchapter 5 is added to read:

3 Subchapter 5. Workforce

4 § 3541. SCHOLARSHIPS FOR CURRENT EARLY CHILDHOOD

5 PROVIDERS

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

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

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

19 § 3542. SCHOLARSHIPS FOR PROSPECTIVE EARLY CHILDHOOD

20 PROVIDERS

1 (a)(1) There is established a scholarship program for individuals pursuing a
2 college or graduate degree in early childhood education or early childhood
3 special education. The scholarship program shall provide financial assistance
4 up to the full cost of tuition for an eligible individual.

5 (2) An eligible individual shall:

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

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

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

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

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

18 § 3543. STUDENT LOAN REPAYMENT ASSISTANCE

19 (a)(1) There is established a student loan repayment assistance program for
20 the purpose of providing student loan repayment assistance to any individual

1 employed by a regulated, privately operated center-based child care program or
2 family child care home.

3 (2) An eligible individual shall:

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

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

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

10 (3) To participate in the program set forth in this section, an eligible
11 individual shall submit to the Department for Children and Families
12 documentation expressing the individual's intent to work in a regulated,
13 privately operated center-based child care program or family child care home
14 for at least the following 12 months. A participant may receive up to
15 \$4,500.00 annually in student loan repayment assistance, which shall be
16 distributed by the Department in four allotments. The Department shall
17 distribute at least one-quarter of the individual's total annual benefit after the
18 individual has completed three months of employment in accordance with the
19 program. The remainder of an individual's total annual benefit shall be
20 distributed by the Department every three months after the initial payment.

1 (b)(1) The Department shall adopt policies, procedures, and guidelines
2 necessary to implement the provisions of this section.

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

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

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

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

16 (2) In fiscal year 2022, \$200,000.00 is appropriated from the General
17 Fund to the Department for Children and Families for the Prospective Early
18 Childhood Provider Scholarship Program established pursuant to 33 V.S.A.
19 § 3542.

1 (3) In fiscal year 2022, \$2,000,000.00 is appropriated from the General
2 Fund to the Department for Children and Families for the student loan
3 repayment assistance program established pursuant to 33 V.S.A. § 3543.

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

8 Sec. 11. REPEALS

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

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

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

15 * * * Studies and Reports * * *

16 Sec. 12. EARLY CARE AND EDUCATION GOVERNANCE STUDY

17 (a) In order to ensure that Vermont’s governance for early childhood
18 education effectively meets the needs of children, families, and providers,
19 Building Bright Futures shall undertake an analysis that evaluates and makes
20 recommendations on the following:

1 (1) existing early childhood education governance and administrative
2 stakeholders and structures;

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

5 (3) emerging system needs;

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

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

10 (6) identification of existing needs and challenges; and

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

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

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

19 (d)(1) In fiscal year 2022, \$150,000.00 is appropriated from the General
20 Fund to Building Bright Futures for the purpose of implementing this section.

1 (2) Building Bright Futures may use appropriated funds to cover
2 administrative needs associated with the study and to contract a consultant with
3 experience in organizational or administrative governance, administration, or
4 system management experience.

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

9 Sec. 13. EARLY CHILDHOOD FINANCING STUDY

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

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

1 (2) child care providers receive compensation on par with their peers in
2 other fields;

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

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

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

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

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

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

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

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

19 (d)(1) As part of the report, the Treasurer, Auditor, Joint Fiscal Office,
20 Commissioner of Finance, Commissioner of Taxes, and contracted advisors
21 shall produce a consensus evaluation of the economic impact of investment in

1 high-quality, affordable child care for children from birth through five years of
2 age through a stable, long-term funding source. The consensus evaluation
3 shall include both microeconomic and macroeconomic simulations, looking at
4 individual and economywide impacts and responses, and the allocation of such
5 impacts across economic sectors, including direct, indirect, and induced
6 results.

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

12 (3) The consensus evaluation shall consider:

13 (A) demographic impacts;

14 (B) workforce impacts;

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

16 (i) parents or guardians;

17 (ii) child care providers;

18 (iii) early care and education programs;

19 (iv) entities providing supplies and services for early care and
20 education programs; and

1 (v) children receiving child care as future members of the
2 workforce;

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

5 (E) community development;

6 (F) increased tax revenue; and

7 (G) social service savings, including:

8 (i) health care;

9 (ii) education; and

10 (iii) corrections.

11 (4) The consensus evaluation shall present findings on:

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

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

19 (e) The Secretary of Administration shall be allowed to accept
20 philanthropic contributions to underwrite the cost of hiring economists and

1 analysts to provide expertise specific to early care and education in accordance
2 with this section.

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

7 [Proposed additions to the financing study: (1) expansion of CCFAP to
8 families seeking child care “to support the healthy development of their
9 children; (2) cost of care versus market rate; (3) enrollment versus attendance;
10 and (4) compensation commensurate with peers in other fields.]

11 * * * Early Care and Education Governance and Administration

12 Advisory Commission * * *

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

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

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

20 (2) administration of the early childhood education system;

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

3 (4) child care provider credentialing and compensation standards;

4 (5) early childhood care and education curricula standards, including
5 antiracist early childhood education practices and standards; and

6 (6) the early care and education governance and administration study
7 pursuant to Sec. 12 of this act.

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

10 (1) a parent or caregiver from a large town or city;

11 (2) a parent or caregiver from a rural community;

12 (3) a family child care home provider;

13 (4) a center-based child care and preschool program provider;

14 (5) a Head Start family policy advisory council member;

15 (6) a Head Start early childhood provider or program director;

16 (7) a representative of the Vermont Association for the Education of
17 Young Children;

18 (8) a representative of the Vermont Early Childhood Education Higher
19 Education Consortium;

20 (9) a representative of Vermont's Parent Child Center Network;

21 (10) a representative of a community child care resource agency;

1 (11) a provider of Children’s Integrated Services;

2 (12) a provider of early childhood special education services;

3 (13) a regional Universal Pre-K Coordinator;

4 (14) a pediatrician; and

5 (15) a community member.

6 (c) Assistance. The Committee shall have the administrative assistance of
7 Building Bright Futures and the technical and legal assistance of the
8 Department for Children and Families’ Child Development Division.

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

13 (e) Meetings.

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

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

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

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

20 (f) Compensation and reimbursement. Members of the Committee

1 shall be entitled to per diem compensation and reimbursement of expenses as
2 permitted under 32 V.S.A. § 1010 for not more than six meetings annually.
3 These payments shall be made from monies appropriated to Building Bright
4 Futures.

5 (g) Appropriation. In fiscal year 2022, \$25,000.00 is appropriated from the
6 General Fund to Building Bright Futures.

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

12 * * * Effective Dates * * *

13 Sec. 15. EFFECTIVE DATES

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

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2 (Committee vote: _____)

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Representative _____

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FOR THE COMMITTEE