

Sec. 12. CHILD CARE AND EARLY CHILDHOOD EDUCATION FINANCING STUDY

(a) On or before September 1, 2021, the Joint Fiscal Office, with input from the State Treasurer, Secretary of Administration, Commissioner of the Department for Children and Families, and Building Bright Futures, shall contract with an economist or independent consulting entity with expertise in the field of child care and early childhood education to ~~examine the economic impacts of~~identify, make recommendations on, and analyze the economic impacts of potential stable, long-term funding mechanisms to adjust Vermont's existing child care system for children from birth through years of age with the following goals:

(1) that a family does not spend more than 10 percent of its gross annual income on child care for children from birth through 5 years of age;

(2) that Vermont's Child Care Financial Assistance Program makes payments on behalf of families based on enrollment instead of attendance, utilizing results from the Child Development Division's analysis pursuant to Section 11; ~~child care providers receive compensation that is commensurate with peers in other fields;~~ and

(3) the Child Care Financial Assistance Program utiliz~~esing~~ a cost of care model versus a market rate model that includes the full cost of offering high-quality child care reflective of providing compensation for early childhood educators commensurate with their peers in other fields, and other components of quality care as defined by the Blue Ribbon Commission on Financing High-Quality Child Care and national models. ~~in the Child Care Financial Assistance Program.~~

(b)(1) In conducting this evaluation, the consultant shall consult with Building Bright Futures, the State Treasurer, the Commissioners of Finance and Management, of Taxes, and for Children and Families; the Secretary of Education; the State Auditor and any other ~~State~~ entity the consultant deems necessary.

(2) The consultant shall consult with the Auditor for the purpose of ensuring that the consultant's evaluation includes appropriate requirements for ongoing performance review, accountability, and outcomes tracking.

(3) The consultant shall consult with the Treasurer for the purpose of determining the adequacy of financing options and to determine the impact of financing options on the long-term financial health of the state.

(4) The consultant shall consult with the Agency of Administration regarding the potential impacts of financing mechanisms on Vermont revenues and to secure any necessary tax-related data.

(5) The consultant shall consult with the Department for Children and Families regarding data on the current early care and education system in Vermont, national models for determining the cost of care, and the feasibility of implementing policy changes in accordance with this section.

(6) The consultant shall consult with the National Association for the Education of Young Children, the Vermont Advancing as a Recognized Profession Task Force, and the Center for the Study of Child Care Employment for determining models for compensation commensurate with peers in other fields. Public school salaries will serve as the minimum benchmark for

comparable compensation, assuming comparable qualifications, experience, and job responsibilities.

(7) The consultant shall consult with the Joint Fiscal Office and Building Bright Futures on at least a monthly basis.

(c) Taking into consideration the analysis completed as part of the Blue Ribbon Commission on Financing High Quality, Affordable Child Care and the report issued by the Universal Afterschool Task Force established pursuant to 2020 Acts and Resolves No. 154, § B.1120.1, the consultant's evaluation shall:

(1) take into consideration demographic and workforce impacts; and

(2) review potential indirect impacts and multiplier effects on ~~parents and guardians~~families who may utilize the Child Care Financial Assistance Program; child care providers; and entities providing care, supplies, and services; children participating in child care and early childhood education programs; impacts on families' eligibility for other state benefit programs; and other impacts to Vermont's economy and communities.

(d)(1) The consultant shall deliver progress reports to the consulting entities at least every other month.

(2) On or before November 15, 2022, 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.

(23) On or before January 15, 2023, 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~~provides a cost projection and feasibility analysis of expanding the State's child care benefit to more families in accordance with this section, ~~requiring commensurate pay for providers, based on and~~ utilizing a cost of care model in the Child Care Financial Assistance Program to determine reimbursement rates that also reflect compensation parity for early childhood educators, and payments based on enrollment~~and the feasibility of implementing each policy in Vermont,~~ both separately and jointly, utilizing various modeling approaches;

(B) (1) ~~identifies~~ and ~~determines~~ 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 given child care's role in postpandemic stimulus and long-term economic development.

(2) the feasibility analysis shall also include a seven year budget proposal for implementation of the recommended revenue sources.

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

(f) In fiscal year 2022, \$500,000.00 shall be appropriated from the General Fund to the Joint Fiscal Office for the purpose of hiring a consultant pursuant to this section.