

Vermont Legislative Joint Fiscal Office

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FISCAL NOTE

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DRAFT

H.171 An act relating to the governance and financing of Vermont's child care system

Further recommendation of amendment by the members of the House Committee on Human Services
<https://legislature.vermont.gov/bill/status/2022/H.171>

The bill proposes changes to and investments towards Vermont's child care system.

Child Care Financial Assistant Program (CCFAP)

Secs. 2 - Child Care Financial Assistance Program

The bill would make eligibility changes to the Child Care Financial Assistance Program (CCFAP) including instituting flat family co-pays based on the federal poverty level (FPL), expanding the lower limit for families who would have no co-pays from 100% FPL to 150 FPL, and expanding those who can receive subsidies to 350% FPL. According to the Department of Children and Families (DCF), these changes are included as part of the Governor's FY 2022 budget recommendation.

Sec. 3 – Payment to Providers

The bill would include reimbursement rate caps tiered in relation to provider ratings in the Vermont STARS program and the result of the most recent Vermont Child Care Market Rate Survey, of which the lower limit would not be less than the 50th percentile of all reported rates for the same provider setting in each rate category. These changes are included as part of the Governor's FY 2022 budget recommendation.

Sec. 4 – Appropriation and Legislative Intent; CCFAP

Sec. 4 includes a FY 2022 appropriation of \$5,529,000.00 from the General Fund to DCF for the purpose of implementing the changes in Secs. 2 and 3. This amount is included as part of the Governor's FY 2022 budget recommendation. The bill also includes intent language regarding consideration of family out-of-pocket limits.

Fiscal Impact (Secs. 2, 3 & 4):

- *FY 2022 Appropriation to DCF = **\$5,529,000.00***
 - *This amount is included in the Governor's FY 2022 Budget Recommendations.*
- Intent Language: The bill includes intent language regarding consideration of future family out-of-pocket limits which would have fiscal impacts if enacted.

Bright Futures Information System

Sec. 5 – Bright Futures Information System; Modernization Plan

The bill appropriates \$4,500,000.00 to Agency of Digital Services (ADS) for the purpose of completing implementation of the Bright Futures Information System (BFIS) modernization plan. This amount is included as part of the Governor’s FY 2022 budget recommendation.¹

*Fiscal Impact: FY 2022 Appropriation to DCF = **\$4,500,000.00***

- *This amount is included in the Governor’s FY 2022 Budget Recommendations.*

Workforce Supports

Secs. 6, 7 & 8– Scholarships and Loan Repayment Programs

The bill would establish need-based scholarship programs for current and prospective early childhood providers and a student loan repayment program.

- Scholarships for Current Early Childhood Providers – 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. The bill would appropriate \$300,000.00 in FY 2022 for this program.
- Scholarships for Prospective Early Childhood Providers – for individuals pursuing a college degree in early childhood education or early childhood special education. Eligible individuals must attend a Vermont college or university at least part-time and meet time commitments as required by the bill. The bill would appropriate \$400,000.00 in FY 2022 for this program.
- Student Loan Repayment Assistance – for any individual employed by a regulated, privately operated center-based child care program or family child care home in Vermont. Eligible individuals must meet criteria as required by the bill.
- Program Administration - The bill allows DCF to contract for the administration of these programs, although administration costs for each may not be more than 10 percent of the total appropriation for the program. The programs would be distributed on a first-come, first-serve basis until any appropriated funds are depleted. The bill would appropriate \$1,800,000.00 in FY 2022 for this program.
- Repeal - Sec. 8 of the bill would repeal references to these programs on July 1, 2026.

Sec. 7 would require the Commissioner of Finance to present a recommendation, consistent with the final plan of the working group (in Sec. 10) as to whether the source of the funding for

¹ The first module has already been funded. This appropriation is for subsequent modules.

the appropriation should be general funds or federal dollars from the American Rescue Plan Act of 2021 (ARPA).

- The recommendation is presented to the House Committee on Human Services and the Senate Committee on Health and Welfare.
- Upon approval of the recommendation by both Committees, the Commissioner would submit written certification to the Joint Fiscal Committee (JFC).
- Once certification has been submitted, the appropriation shall take affected from the funding source specified in the Commissioner's certification.

Fiscal Impact: FY 2022 appropriations to DCF (source of funds TBD)

- *Current Early Childhood Provider Scholarship Program = \$300,000.00*
- *Prospective Early Childhood Provider Scholarship Program = \$400,000.00*
- *Student Loan Repayment Assistance Program = \$1,800,000.00*

Recommendations; American Rescue Plan Act of 2021

Sec. 10 would require Building Bright Futures (BBF) in coordination with DCF to convene a child care working group to develop and recommend a plan for most effectively utilizing federal funding received by the state pursuant to the American Rescue Plan Act of 2021. This working group would cease to exist on December 1, 2021. Members would be entitled to either per diem compensation or reimbursement of expenses, or both, as mutually agreed to by BBF and DCF.

Fiscal Impact:

- *The language does not reference the statutory amounts for per diem compensation and reimbursement but rather leaves it up to BBF and DCF to determine.*
- *There is no appropriation for per diems and reimbursements in the bill.*

Studies and Reports

Sec. 12 – Child Care and Early Childhood Education Systems Analysis Study

The bill would require Building Bright Futures to undertake an analysis and provide recommendations regarding Vermont's child care and early childhood education system.

Fiscal Impact: There is no appropriation in this bill.

Sec. 13 – Child Care and Early Childhood Education Financing Study

The bill would require the Joint Fiscal Office (JFO) to 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 and potential funding mechanisms to adjust Vermont's

existing child care system for children from birth through 5 years of age with consideration to the intersection of and impacts on child care for children from ages 6 to 12 in alignment with the recommendations of the Universal Afterschool Task Force. The bill also lays out specific goals. The consultant will report preliminary results on or before November 15, ~~2022~~ 2023. The final report is due on before January 15, ~~2023~~ 2024.

Fiscal Impact: There is no appropriation in this bill.

Fiscal Summary

Sec.	Agency/Dept.	Purpose	Included in FY2022 Gov. Rec.	New Initiatives in H.171	Funding Source
2,3,4	DCF	CCFAP; payments to providers	\$5,529,000		General Funds
5	DCF	Bright Futures Information System	\$4,500,000		Not Specified
6,7,8	DCF	Scholarships for current early childhood providers		\$300,000	General Funds or ARPA Funds. To be determined based on Sec. 10
		Scholarships for prospective early childhood providers		\$400,000	
		Student loan repayment assistance		\$1,800,000	
12	Building Bright Futures	System Analysis Study		N/A	
13	Joint Fiscal Office	Financing Study		N/A	

\$10,029,000 \$2,500,000

TOTAL APPROPRIATIONS IN H.171 \$12,529,000