

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 \* \* \* Legislative Intent \* \* \*

8 Sec. 1. LEGISLATIVE INTENT

9 It is the intent of the General Assembly:

10 (1) that immediate investments are necessary to support Vermont’s  
11 economy, ensure that all families with young children have affordable access  
12 to high-quality early childhood education, and that Vermont’s early childhood  
13 educators, the backbone of our economy, are fairly compensated and well  
14 supported; and

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

17 \* \* \* Child Care Financial Assistance Program \* \* \*

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

19 § 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;

20 ELIGIBILITY

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

7 (2) The subsidy authorized by this subsection shall be ~~on a sliding scale~~  
8 ~~basis. The scale shall be~~ established by the Commissioner, by rule, and shall  
9 bear a reasonable relationship to income and family size. Families shall be  
10 found eligible using an income eligibility scale based on the current federal  
11 poverty level, with ~~considerations~~ to the Livable Wage and the Basic Needs  
12 Budget, and adjusted for the size of the family and accordingly assigned a flat  
13 family co-payment. The flat family co-payment amount shall be assigned to  
14 the whole family and shall not increase if more than one eligible child is  
15 enrolled in childcare. The lower limit of the fee income eligibility scale shall  
16 include families whose gross income is up to and including ~~100~~ 150 percent of  
17 the current federal poverty guidelines. Families with a gross income of less  
18 than or equal to 150 percent of the current federal poverty guidelines shall not  
19 have a family co-payment. The upper income limit of the fee income  
20 eligibility scale shall ~~be neither~~ ~~not be~~ less than ~~200~~ 350 percent of the current  
21 federal poverty guidelines ~~nor more than 100 percent of the State median~~

1 ~~income~~, adjusted for the size of the family. The flat family co-payment  
2 amount at the upper limit of the fee scale shall not exceed 10 percent of a  
3 family's gross family income. The scale shall be structured so that it  
4 encourages supports employment. If the federal poverty guidelines decrease in  
5 a given year, the Division shall maintain the previous year's federal poverty  
6 guidelines for the purpose of determining eligibility and benefit amount under  
7 this subsection.

8 \* \* \*

9 (5) Families eligible to participate in the Child Care Financial  
10 Assistance Program shall include those in which a parent or guardian:  
11 (A) works at least part-time;  
12 (B) works a nontraditional schedule;  
13 (C) is enrolled only part-time in a higher education or job training  
14 program, including graduate and professional programs or a second bachelor's  
15 degree program; or  
16 (D) is participating in inpatient or intensive outpatient substance  
17 misuse treatment or mental health treatment, or both.

18 \* \* \*

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

20 § 3514. PAYMENT TO PROVIDERS

21 \* \* \*

1           (c)(1) The payment schedule established by the Commissioner shall  
2           reimburse providers in accordance with the results of the most recent Vermont  
3           Child Care Market Rate Survey and be adjusted on alternating fiscal years  
4           following the release of each new Vermont Child Care Market Rate Survey.

5           (2) The payment schedule shall include reimbursement rate caps tiered  
6           in relation to provider ratings in the Vermont STARS program and the results  
7           of the most recent Vermont Child Care Market Rate Survey. The lower limit  
8           of the reimbursement rate caps shall be not less than the 50th percentile of all  
9           reported rates for the same provider setting in each rate category. The upper  
10           limit of the reimbursement rate caps shall be not more than the 90th percentile  
11           of all reported rates for the same provider setting in each rate category.

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

14           (a) In fiscal year 2022, \$5,529,000.00 is appropriated from the General  
15           Fund to the Department for Children and Families' Child Development  
16           Division above the fiscal year 2021 base appropriation for the purpose of  
17           implementing Sec. 2 of this act.

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

19                   (1) an appropriation that meets or exceeds the amount distributed in  
20           fiscal year 2022 be made in fiscal years 2023 through 2026 to progressively

1 adjust the upper income limit of the Child Care Financial Assistance Program  
2 fee scale each year; and

3 (2) by fiscal year 2026, a family shall spend not more than 10 percent of  
4 their gross annual income on child care.

5 \* \* \* Bright Futures Information System \* \* \*

6 Sec. 5. BRIGHT FUTURES INFORMATION SYSTEM;

7 MODERNIZATION PLAN

8 (a) In fiscal year 2022, \$4,500,000.00 is appropriated to the Department for  
9 Children and Families' Child Development Division for the purpose of  
10 completing implementation of the Bright Futures Information System  
11 modernization plan.

12 (b)(1) On or before October 1, 2021, the Department for Children and  
13 Families' Child Development Division shall ensure full functionality of all  
14 components of the Bright Futures Information System.

15 (2) On or before August 1, 2021, the Department for Children and  
16 Families' Child Development Division shall convene and consult with a Bright  
17 Futures Information System end-user group, composed of child care providers,  
18 eligibility specialists from community child care support agencies, and families  
19 participating in the Child Care Financial Assistance Program. The Division  
20 shall provide monthly updates to the end-user group regarding the Division's  
21 progress in completing the modernization project and any successes or

1 challenges identified once the Bright Futures Information System is  
2 operational. The Division shall actively seek advice and feedback from the  
3 end-user group regarding the Bright Futures Information System. The end-  
4 user group shall be dissolved on August 1, 2022.

5 \* \* \* Workforce Supports \* \* \*

6 Sec. 6. 33 V.S.A. chapter 35, subchapter 5 is added to read:

7 Subchapter 5. Workforce

8 § 3541. SCHOLARSHIPS FOR CURRENT EARLY CHILDHOOD

9 PROVIDERS

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

15 (b) The Division may contract for the administration of the program set  
16 forth in subsection (a) of this section and adopt policies, procedures, and  
17 guidelines necessary for its implementation.

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

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

4        § 3542. SCHOLARSHIPS FOR PROSPECTIVE EARLY CHILDHOOD

5                PROVIDERS

6        (a)(1) There is established a need-based scholarship program for  
7        individuals pursuing a college degree in early childhood education or early  
8        childhood special education. The scholarship program shall provide financial  
9        assistance up to the full cost of tuition for an eligible individual.

10              (2) An eligible individual shall:

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

12                      (B) be pursuing an associates or bachelor's degree in early childhood  
13        education or early childhood special education; and

14                      (C) commit to working in early childhood education in Vermont for  
15        years equal to those in which scholarship monies are sought under this section.

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

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

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

3            (2) An eligible individual who does not work the required number of  
4        years in early childhood education in Vermont after completion of the  
5        individual's degree program shall repay scholarship monies received under this  
6        section commensurate with the balance of the eligible individual's time  
7        commitment.

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

11       § 3543. STUDENT LOAN REPAYMENT ASSISTANCE

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

16            (2) An eligible individual shall:

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

20            (B) receive an annual salary of not more than \$50,000.00; and



1           (C) have earned an associate's or bachelor's degree with a major  
2           concentration in early childhood, child and human development, elementary  
3           education, special education with a birth to eight focus, or child and family  
4           services within the preceding five years.

5           (3) To participate in the program set forth in this section, an eligible  
6           individual shall submit to the Department for Children and Families  
7           documentation expressing the individual's intent to work in a regulated,  
8           privately operated center-based child care program or family child care home  
9           for at least the following 12 months following the annual loan repayment  
10           award notification. A participant may receive up to \$4,000.00 annually in  
11           student loan repayment assistance, which shall be distributed by the  
12           Department in four allotments. The Department shall distribute at least one-  
13           quarter of the individual's total annual benefit after the individual has  
14           completed three months of employment in accordance with the program. The  
15           remainder of an individual's total annual benefit shall be distributed by the  
16           Department every three months after the initial payment.

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

19           (2) Student loan repayments shall be available pursuant to this section  
20           on a first-come, first-served basis until appropriated funds are depleted.

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

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

7           Sec. 7. APPROPRIATION, LEGISLATIVE INTENT, AND EVALUATION;

8                       EARLY CHILDHOOD WORKFORCE PROGRAMS

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

13           (2) In fiscal year 2022, \$400,000.00 is appropriated to the Department  
14           for Children and Families for the Prospective Early Childhood Provider  
15           Scholarship Program established pursuant to 33 V.S.A. § 3542.

16           (3) In fiscal year 2022, \$1,800,000.00 is appropriated to the Department  
17           for Children and Families for the student loan repayment assistance program  
18           established pursuant to 33 V.S.A. § 3543.

19           (b) It is the intent of the General Assembly that appropriations that meet or  
20           exceed each of the amounts appropriated in fiscal year 2022 pursuant to

1 subdivisions (a)(1) through (3) of this section be made in fiscal years 2023  
2 through 2026.

3 (c) On or before October 1, 2025, the Department for Children and  
4 Families' Child Development Division, in consultation with stakeholders, shall  
5 submit a written report to the House Committee on Human Services and to the  
6 Senate Committee on Health and Welfare:

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

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

15 Sec. 8. REPEALS

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

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

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

1           \* \* \* Early Care and Education **Systems** and Administration **Advisory**

2   **Commission** \* \* \*

3       Sec. 9. **RECOMMENDATIONS**; EARLY CARE AND EDUCATION

4                   **SYSTEMS** AND ADMINISTRATION ADVISORY COMMITTEE

5       (a) **Purpose.** **Building Bright Futures' Early Learning and Development**

6       **Committee shall** advise the **Agency of Human Services**, Department for

7       Children and Families, and Child Development Division on all services

8       pertaining to child care and early education regulation, including:

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

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

11                  (3) Child Care Financial Assistance Program rules, policies, procedures,

12       and plans;

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

14                  (5) **the Vermont STARS quality rating and improvement system;**

15                  (6) early childhood care and education curricula standards, including

16       antiracist early childhood education practices and standards; and

17                  (7) the early care and education **systems analysis** and administration

18       study pursuant to Sec. 10 of this act.

19       (b) Membership. The membership of the Committee shall be adjusted for

20       the purposes of providing the recommendations required by this section to

21       reflect the growing diversity of Vermont's children and families, including

1 individuals who are Black, Indigenous, and Persons of Color, and to include  
2 the following members:

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

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

5 (3) a family child care home provider;

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

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

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

9 (7) a representative of the Vermont Association for the Education of

10 Young Children;

11 (8) a representative of the Vermont Early Childhood Education Higher

12 Education Consortium;

13 (9) a representative of Vermont’s Parent Child Center Network;

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

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

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

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

18 (14) a pediatrician;

19 (15) a community member;

20 (16) a representative of the National Federation of Independent

21 Businesses;

- 1           (17) a representative of Vermont Businesses for Social Responsibility;  
2           (18) a representative of the Vermont Business Roundtable; and  
3           (19) the Executive Director of the Office of Racial Equity or designee;  
4       and  
5           (20) any other member that Building Bright Futures deems necessary to  
6       complete the work required by this section.

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

10          (d) Reports.

11           (1) On or before January 15, 2022, the Committee shall submit an  
12       interim written report to the House Committee on Human Services and to the  
13       Senate Committee on Health and Welfare with a summary of the Committee's  
14       efforts to organize and provide advice to the Department to date.

15           (2) On or before September 1, 2022 and 2023, the Committee shall  
16       submit a written report to the House Committee on Human Services and to the  
17       Senate Committee on Health and Welfare with a summary of its annual  
18       activities, findings, and any recommendations for legislative action.

19          (e) Meetings.

20           (1) The Committee shall begin the work required by this section on or  
21       before September 1, 2021.

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

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

4           (4) The work required by this section shall be completed on January 15,  
5           2024.

6           (f) Appropriation.

7           (1) In fiscal year 2022, \$25,000.00 is appropriated from the General  
8           Fund to Building Bright Futures.

9           (2) It is the intent of the General Assembly that \$25,000.00 is  
10           appropriated to Building Bright Futures in fiscal year 2023 for the purpose of  
11           providing the recommendations required by this section.

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

17   \* \* \* Studies and Reports \* \* \*

18           Sec. 10. EARLY CARE AND EDUCATION **SYSTEMS ANALYSIS**

19   STUDY

20           (a) In order to ensure that Vermont’s systems for early childhood  
21           education effectively meets the needs of children, families, and providers,

1 including early care and education programs' ability to refer and connect  
2 families to needed services, Building Bright Futures shall undertake an  
3 analysis that evaluates and makes recommendations on the following:

4 (1) existing early childhood education systems and administrative  
5 stakeholders and structures;

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

8 (3) emerging system needs;

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

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

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

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

16 (b) On or before September 1, 2022, Building Bright Futures shall submit  
17 the analysis and recommendations required pursuant to this section to the  
18 General Assembly.

19 (c) In preparing the analysis and recommendations required pursuant to this  
20 section, Building Bright Futures shall rely on the work and advice provided  
21 pursuant to Sec. 9 of this act.



1        (d)(1) In fiscal year 2022, \$200,000.00 is appropriated to Building Bright  
2        Futures for the purpose of implementing this section.

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

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

11       **Sec. 11. REPORT; CHILD CARE FINANCIAL ASSISTANCE PROGRAM;**

12            ENROLLMENT MODEL

13            On or before January 15, 2022, the Department for Children and Families’  
14        Child Development Division shall submit to the House Committees on  
15        Appropriations and on Human Services and to the Senate Committees on  
16        Appropriations and on Health and Welfare analyses addressing the costs and  
17        policy implications associated with moving from an attendance-based model to  
18        an enrollment-based model in the Child Care Financial Assistance Program.

19       **Sec. 12. REPORT; CHILD CARE FINANCIAL ASSISTANCE PROGRAM;**

20            COST OF CARE

1 On or before January 15, 2022, the Department for Children and Families'  
2 Child Development Division shall submit to the House Committees on  
3 Appropriations and on Human Services and to the Senate Committees on  
4 Appropriations and on Health and Welfare analyses addressing the costs of  
5 utilizing a cost of care model versus a market rate model in the Child Care  
6 Financial Assistance Program and associated policy implications.

7 Sec. 13. EARLY CHILDHOOD FINANCING STUDY

8 (a) On or before September 1, 2021, the Joint Fiscal Office shall contract  
9 with an economist or independent consulting entity with expertise in the field  
10 of early care and education to examine the economic impacts of and potential  
11 funding mechanisms to adjust Vermont's existing child care system with the  
12 following goals:

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

15 (2) that child care providers receive compensation that is commensurate  
16 with peers in other fields.

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

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

4           (c) Building on the analysis competed as part of the Blue Ribbon  
5           Commission on Financing High Quality, Affordable Child Care, the  
6           consultant’s evaluation shall:

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

8                   (2) review potential indirect impacts and multiplier effects on parents  
9           and guardians who may utilize the Child Care Financial Assistance Program;  
10           child care providers; and entities providing care, supplies, and services;  
11           children participating in child care programs; and other impacts to Vermont’s  
12           economy and communities.

13           (d)(1) On or before November 15, 2022, the consultant shall submit  
14           preliminary results to the Joint Fiscal Office and to the chairs of the House  
15           Committees on Appropriations, on Human Services, and on Ways and Means  
16           and to the Senate Committees on Appropriations, on Finance, and on Health  
17           and Welfare.

18                   (2) On or before January 15, 2023, the consultant shall submit to the  
19           House Committees on Appropriations, on Human Services, and on Ways and  
20           Means and to the Senate Committees on Appropriations, Finance, and Health  
21           and Welfare results that:

1           (A) project the costs of expanding the State’s child care benefit to  
2           more families in accordance with this section and requiring commensurate pay  
3           for providers and the feasibility of implementing each policy in Vermont, both  
4           separately and jointly;

5           (B) identify and determine the feasibility of implementing stable,  
6           long-term funding sources to finance an affordable, high-quality early child  
7           care system given child care’s role in postpandemic stimulus and long-term  
8           economic development.

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

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

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

20   \* \* \* Effective Dates \* \* \*

21           Sec. 14. EFFECTIVE DATES

1        This act shall take effect on July 1, 2021, except that Sec. 2 (Child Care  
2        Financial Assistance Program; eligibility) shall take effect on October 1, 2022.

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10        (Committee vote: \_\_\_\_\_)

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\_\_\_\_\_

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Representative \_\_\_\_\_

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FOR THE COMMITTEE