

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 child care and early education, and that Vermont’s early
13 childhood educators are fairly compensated and well supported; and

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

16 * * * Child Care Financial Assistance Program * * *

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

18 § 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;

19 ELIGIBILITY

20 (a)(1) The Child Care Financial Assistance Program is established to
21 subsidize, to the extent that funds permit, the costs of child care for families

1 that need child care services in order to obtain employment, to retain
2 employment, or to obtain training leading to employment. Families seeking
3 employment shall be entitled to participate in the Program for up to three
4 months and the Commissioner may further extend that period.

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

1 year, the Division shall maintain the previous year’s federal poverty guidelines
2 for the purpose of determining eligibility and benefit amount under this
3 subsection.

4 * * *

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

6 § 3514. PAYMENT TO PROVIDERS

7 * * *

8 (c)(1) The payment schedule established by the Commissioner shall
9 reimburse providers in accordance with the results of the most recent Vermont
10 Child Care Market Rate Survey and be adjusted following the release of each
11 new Vermont Child Care Market Rate Survey.

12 (2) The payment schedule shall include reimbursement rate caps tiered
13 in relation to provider ratings in the Vermont STARS program and the results
14 of the most recent Vermont Child Care Market Rate Survey. The lower limit
15 of the reimbursement rate caps shall be not less than the 50th percentile of all
16 reported rates for the same provider setting in each rate category.

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

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

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

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

6 (2) by fiscal year 2023, the co-payment at the upper limit of the income
7 eligibility scale for a family participating in the Child Care Financial
8 Assistance Program shall not exceed 10 percent of a family's annual gross
9 income; and

10 (3) by fiscal year 2026, a family shall spend not more than 10 percent of
11 the family's gross annual income on child care.

12 * * * Bright Futures Information System * * *

13 Sec. 5. BRIGHT FUTURES INFORMATION SYSTEM;

14 MODERNIZATION PLAN

15 **(a)** In fiscal year 2022, \$4,500,000.00 is appropriated to the Agency of
16 Digital Services for the purpose of completing implementation of the Bright
17 Futures Information System modernization plan.

18 (b)(1) On or before October 1, 2021, the Department for Children and
19 Families' Child Development Division shall ensure full functionality of the
20 first module of the Bright Futures Information System.

1 (2) On or before August 1, 2021, the Department for Children and
2 Families’ Child Development Division shall convene and consult with a Bright
3 Futures Information System end-user group, composed of child care providers,
4 eligibility specialists from community child care support agencies, and families
5 participating in the Child Care Financial Assistance Program. The Division
6 shall provide monthly updates to the end-user group regarding the Division’s
7 progress in completing the modernization project and any successes or
8 challenges identified once the Bright Futures Information System is
9 operational. The Division shall actively seek advice and feedback from the
10 end-user group regarding the Bright Futures Information System. The end-
11 user group shall be dissolved on August 1, 2022.

12 * * * Workforce Supports * * *

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

14 Subchapter 5. Workforce

15 § 3541. SCHOLARSHIPS FOR CURRENT EARLY CHILDHOOD

16 PROVIDERS

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

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

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

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

9 § 3542. SCHOLARSHIPS FOR PROSPECTIVE EARLY CHILDHOOD

10 PROVIDERS

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

15 (2) An eligible individual shall:

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

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

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

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

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

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

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

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

17 § 3543. STUDENT LOAN REPAYMENT ASSISTANCE

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

1 (2) An eligible individual shall:

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

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

6 (C) have earned an associates or bachelor’s degree with a major
7 concentration in early childhood, child and human development, elementary
8 education, special education with a birth to age eight focus, or child and family
9 services 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 12 months following the annual loan repayment award
15 notification. A participant may receive up to \$4,000.00 annually in student
16 loan repayment assistance, which shall be distributed by the Department in
17 four allotments. The Department shall distribute at least one-quarter of the
18 individual’s total annual benefit after the individual has completed three
19 months of employment in accordance with the program. The remainder of an
20 individual’s total annual benefit shall be distributed by the Department every
21 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) Student loan repayments shall be available pursuant to this section
4 on a first-come, first-served basis until appropriated funds are depleted.

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

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

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

12 EARLY CHILDHOOD WORKFORCE PROGRAMS

13 (a)(1) In fiscal year 2022, \$300,000.00 is appropriated to the Department
14 for Children and Families' Child Development Division for the Current Early
15 Childhood Provider Scholarship Program established pursuant to 33 V.S.A.
16 § 3541.

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

1 (3) In fiscal year 2022, \$1,800,000.00 is appropriated to the Department
2 for Children and Families for the student loan repayment assistance program
3 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 (c) On or before October 1, 2025, the Department for Children and
9 Families' Child Development Division, in consultation with stakeholders, shall
10 submit a report to the House Committee on Human Services and to the Senate
11 Committee on Health and Welfare:

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

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

1 Sec. 8. REPEALS

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

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

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

8 * * * Advisory Commission * * *

9 Sec. 9. RECOMMENDATIONS; ADVISORY COMMITTEE

10 (a) Purpose. Building Bright Futures' Early Learning and Development
11 Committee shall advise the Agency of Human Services, Department for
12 Children and Families, and Child Development Division on all services
13 pertaining to child care and early childhood education, including:

14 (1) child care and early childhood education licensing rules, policies,
15 and procedures;

16 (2) administration of the child care and early childhood education
17 system;

18 (3) Child Care Financial Assistance Program rules, policies, procedures,
19 and plans;

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

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

- 1 (6) child care and early childhood education curricula standards,
2 including antiracist early childhood education practices and standards; and
3 (7) the child care and early childhood education systems analysis and
4 administration study pursuant to Sec. 10 of this act.

5 (b) Membership. The membership of the Committee shall be adjusted for
6 the purposes of providing the recommendations required by this section to
7 reflect the growing diversity of Vermont’s children and families, including
8 individuals who are Black, Indigenous, and Persons of Color, and to engage
9 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 foster parent or person providing kinship care for a child under 12
13 years of age;
14 (4) a family child care home provider;
15 (5) a center-based child care and preschool program provider;
16 (6) a Head Start family policy advisory council member;
17 (7) a Head Start early childhood provider or program director;
18 (8) a representative of the Vermont Association for the Education of
19 Young Children;
20 (9) a representative of the Vermont Early Childhood Education Higher
21 Education Consortium;

1 (10) a representative of Vermont’s Parent Child Center Network;

2 (11) a representative of a community child care resource agency;

3 (12) a provider of Children’s Integrated Services;

4 (13) a provider of early childhood special education services;

5 (14) a regional Universal Pre-K Coordinator;

6 (15) a pediatrician;

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

8 Businesses;

9 (17) a representative of Vermont Businesses for Social Responsibility;

10 (18) a representative of the Vermont Business Roundtable;

11 (19) the Executive Director of the Office of Racial Equity or designee;

12 (20) an afterschool provider; and

13 (21) any other member that Building Bright Futures deems necessary to
14 complete the work required by this section.

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

18 (d) Reports.

19 (1) On or before January 15, 2022, the Committee shall submit an
20 interim written report to the House Committee on Human Services and to the

1 Senate Committee on Health and Welfare with a summary of the Committee's
2 efforts to organize and provide advice to the Department to date.

3 (2) On or before September 1, 2022 and 2023, the Committee shall
4 submit a written report to the House Committee on Human Services and to the
5 Senate Committee on Health and Welfare with a summary of its annual
6 activities, findings, and any recommendations for legislative action. All
7 findings and recommendations provided pursuant to this subdivision shall be
8 divided by birth through five years of age and six years of age through twelve
9 years of age.

10 (e) Meetings.

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

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

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

16 (4) The work required by this section shall be completed on January 15,
17 2024.

18 (f) Members of the Committee shall be entitled to per diem compensation
19 and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not
20 more than 6 meetings annually. These payments shall be made from monies
21 appropriated to the Department for Children and Families.

1 (g) Appropriation.

2 (1) In fiscal year 2022, \$33,000.00 is appropriated from the General
3 Fund to the Department for Children and Families for the purpose of
4 implementing this section.

5 (2) It is the intent of the General Assembly that \$33,000.00 is
6 appropriated to the Department for Children and Families in fiscal year 2023
7 for the purpose of implementing this section.

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

13 * * * Studies and Reports * * *

14 Sec. 10. CHILD CARE AND EARLY CHILDHOOD EDUCATION

15 SYSTEMS ANALYSIS STUDY

16 (a) In order to ensure that Vermont’s systems for early childhood
17 education effectively meet the needs of children, families, and providers,
18 including child care and early childhood education programs’ ability to refer
19 and connect families to needed services, Building Bright Futures shall
20 undertake an analysis that evaluates and makes recommendations on the
21 following:

- 1 (1) existing child care and early childhood education systems and
2 administrative stakeholders and structures;
- 3 (2) child care and early childhood education systems and administrative
4 functions 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 September 1, 2022, Building Bright Futures shall submit
14 the analysis and recommendations required pursuant to this section to the
15 General Assembly. All findings and recommendations provided pursuant to
16 this subsection shall be divided by birth through five years of age and six years
17 of age through twelve years of age.
- 18 (c) In preparing the analysis and recommendations required pursuant to this
19 section, Building Bright Futures shall rely on the work and advice provided
20 pursuant to Sec. 9 of this act.

1 (d)(1) In fiscal year 2022, \$200,000.00 is appropriated to the Department
2 for Children and Families for the purpose of implementing this section.

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

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

12 Sec. 11. REPORT; CHILD CARE FINANCIAL ASSISTANCE PROGRAM;
13 ENROLLMENT MODEL; CO-PAYMENTS

14 On or before July 1, 2022, the Department for Children and Families’ Child
15 Development Division shall submit to the House Committees on
16 Appropriations and on Human Services and to the Senate Committees on
17 Appropriations and on Health and Welfare analyses addressing:

18 (1) the costs and policy implications associated with moving from an
19 attendance-based model to an enrollment-based model in the Child Care
20 Financial Assistance Program; and

1 (2) the costs and policy implications of requiring that co-payments at the
2 upper limit of the income eligibility scale for families participating in the Child
3 Care Financial Assistance Program does not exceed 10 percent of gross annual
4 income.

5 Sec. 12. CHILD CARE AND EARLY CHILDHOOD EDUCATION

6 FINANCING STUDY

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

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

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

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

19 (b)(1) In conducting this evaluation, the consultant shall consult with
20 Building Bright Futures, the State Treasurer, the Commissioners of Finance

1 and Management, of Taxes, and for Children and Families; the Secretary of
2 Education; and any other State entity the consultant deems necessary.

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

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

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

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

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

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

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

10 (B) identify and determine the feasibility of implementing stable,
11 long-term funding sources to finance an affordable, high-quality early child
12 care system **for children from birth through five years of age** given child care’s
13 role in postpandemic stimulus and long-term economic development.

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

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

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* * * Effective Dates * * *

Sec. 13. EFFECTIVE DATES

This act 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, 2022.

(Committee vote: _____)

Representative _____

FOR THE COMMITTEE