

BUILDING AMERICA'S BEST EDUCATION SYSTEM FROM CRADLE TO CAREER



Affordability and Accessibility of Child Care, Afterschool and Summer Programming

- **WHAT:** The Administration proposes a comprehensive package of investments to continue investing in the accessibility and affordability of early care and learning, pre-kindergarten in a mixed delivery system, as well as enriching afterschool and summer programs for youth in pre-K through grade 12.
- **WHY:** High quality child care and pre-K is a critical component of early learning and of stable and supported families. Vermont's children depend on their child care settings for early learning, enrichment, and safe, high-quality care. Vermont's parents count on their child care settings for safe, supervised, and enriching environments to enable them to participate fully in the workforce. Vermont needs a system that enables both children and their families to thrive. The child care system has been struggling for several years, with tuition costs creating significant financial stress for families while still not addressing the low wages for qualified child care providers. The pandemic has had a significant impact on this fragile system, exacerbating both the need and the costs.
- **WHO:** The below initiatives will benefit kids, families, providers, and the economy as a whole? Over 90 percent of brain development occurs in the early years and child care programs are safe, loving and stimulating environments. The COVID-19 pandemic has resulted in working parents, predominately working mothers, leaving the workforce. When caregivers have safe and affordable care for their children, they are able to participate in the workforce and contribute to Vermont's economy.
- **HOW:** The package of initiatives in this space respond to system needs in child care, pre-kindergarten, and afterschool and summer care, while also supporting access and affordability for families, and support for the workforce.
 - A. The Governor proposes expanding the Child and Dependent Care Credit (CDCC), which offsets the cost of child and dependent care for working families, including those who do not qualify for state subsidies through CCFAP. Approximately 14,600 Vermont filers claim some form of the CDCC annually. By replacing the current structure of the Vermont CDCC with a fully refundable credit equal to 50 percent of the federal credit amount for all taxpayers who qualify for the federal credit, we will help more families offset child care expenses. This proposal costs \$4 million and is accounted for in the Governor's proposed budget.
 - B. Increasing the CCFAP base allocation by \$5 million will align Vermont with the federal standard for CCFAP rates, moving us to the 75th percentile, which Vermont has previously been unable to meet. This percentile would allow families to access 75

percent of providers within their expected family co-pay with no additional payment thus broadening access to care for low- and middle-income families.

- C. In current child care policy, the State pays for 15 provider-closed-days and 10 family vacation-days. These are the days programs are still paid if they are closed, or the children are not in attendance. By increasing the number of closed and vacation days, both providers and families will have more flexibility to take time off to meet their personal needs without the underlying fear of having to pay out-of-pocket fees or the loss of their slot. The proposal is to increase provider-closed-days from 15 to 30, and family-vacation-days from 10 to 20.
- D. With a \$7 million proposed investment, we can expand the provider network of afterschool and summer programs for school-aged children which takes us a step closer to achieving universal afterschool and summer programs by 2025. The Administration proposes to use the strong framework to expand the provider network that has been employed to keep the system afloat during the pandemic, to permanently increase availability of providers for school-aged group. DCF currently has 1,965 of school-aged children enrolled in CCFAP. When looking at enrollment, DCF believes that upwards of 7,500 students would be eligible for afterschool and summer enrichment activities and meet CCFAP eligibility. The proposal is to increase the number of programs that accept CCFAP thereby expanding opportunities for Vermont children and youth ages 6-13.
- E. The Governor proposes creating a child care worker income tax credit of \$1,000. This will be a financial retention and recruitment incentive for the profession and the Governor's proposed budget accounts for \$5.5 million to implement it.
- F. This fall Governor Scott and Senator Sanders announced a new round of grants for private and non-profit afterschool and summer program providers to launch in January of 2022 for summer 2022 and the 2022 – 2023 school year. This will be funded with just under \$5 million of ESSER II money and focus on long term, sustainable, system and partnership building. Additionally, AOE will be proposing to the Legislature to use \$2.8M of ESSER III for 21C, which is school-based afterschool and summer programming. This will help satisfy Federal requirements for ESSER III fund usage and compliments the \$5M being allocated above to community partners.
- G. Similar to last year, the Governor proposes providing a full exemption from education property taxes for Pre-K providers in FY23 and laying the groundwork for a partial exemption for all licensed child care providers effective FY24. A property tax exemption will help relieve a major budget pressure on Pre-K and child care centers and providers, allowing them to focus on providing quality education and child care services at an affordable cost. Working families will also benefit from this proposal to the extent that lower costs for providers are passed down through reduced tuition or increased services. The Tax Department, as well as local listers and assessors, will benefit from new clarity around the taxability of properties used for Pre-K and child care services.
- H. In the longer term, the Administration via AOE and AHS are beginning to work on what we will need for viable state plans to opt-in to child care and pre-kindergarten provisions of the Federal Building Back Better Package should it pass. These proposed

programs have a focus on access, affordability, quality, and workforce.

- **FUNDING:** The cumulative impact of these proposals, if implemented, will be directly increasing workforce pay, increasing access to providers, increasing affordability and flexibility for families, and mitigating risks of losing a slot while maintaining provider revenue. Across all funds this represents a \$30M investment.

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