

1 TO THE HONORABLE SENATE:

2 The Committee on Health and Welfare to which was referred House Bill
3 No. 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 Senate propose to the House that the bill be amended by
6 striking out all after the enacting clause and inserting in lieu thereof the
7 following:

8 * * * Legislative Intent * * *

9 Sec. 1. LEGISLATIVE INTENT

10 It is the intent of the General Assembly:

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

15 (2) to continue and build upon the five-year redesign of the Child Care
16 Financial 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. ~~The lower limit of~~
10 ~~the fee scale shall include families whose gross income is up to and including~~
11 ~~100 percent of the current federal poverty guidelines. The upper income limit~~
12 ~~of the fee scale shall be neither less than 200 percent of the current federal~~
13 ~~poverty guidelines nor more than 100 percent of the State median income,~~
14 ~~adjusted for the size of the family. Families shall be found eligible using an~~
15 income eligibility scale based on the current federal poverty level and adjusted
16 for the size of the family. Co-payments shall be assigned to the whole family
17 and shall not increase if more than one eligible child is enrolled in child care.
18 Families with an annual gross income of less than or equal to 150 percent of
19 the current federal poverty guidelines shall not have a family co-payment.
20 Families with an annual gross income up to and including 350 percent of
21 current federal poverty guidelines, adjusted for family size, shall be eligible for

1 a subsidy authorized by the subsection. The scale shall be structured so that it
2 encourages employment. If the federal poverty guidelines decrease in a given
3 year, the Division shall maintain the previous year’s federal poverty guidelines
4 for the purpose of determining eligibility and benefit amount under this
5 subsection.

6 * * *

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

8 § 3514. PAYMENT TO PROVIDERS

9 * * *

10 (c)(1) The payment schedule established by the Commissioner may
11 reimburse providers in accordance with the results of the most recent Vermont
12 Child Care Market Rate Survey.

13 (2) The payment schedule shall include reimbursement rate caps tiered
14 in relation to provider ratings in the Vermont STARS program. The lower
15 limit of the reimbursement rate caps shall be not less than the 50th percentile
16 of all 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) consideration be made in fiscal years 2023 through 2026 to
3 progressively adjust the upper income limit of the Child Care Financial
4 Assistance Program fee scale each year; and

5 (2) the co-payment at the upper limit of the income eligibility scale for a
6 family participating in the Child Care Financial Assistance Program shall not
7 exceed 10 percent of a family’s annual gross income.

8 * * * Bright Futures Information System * * *

9 Sec. 5. BRIGHT FUTURES INFORMATION SYSTEM;

10 MODERNIZATION PLAN

11 (a) Funds for the modernization of the Bright Futures Information System
12 are located within the Technology Modernization Reserve.

13 (b)(1) On or before October 1, 2021, the Department for Children and
14 Families’ Child Development Division shall make every reasonable effort to
15 achieve full functionality of the first module of the modernized Bright Futures
16 Information System.

17 (2) On or before August 1, 2021, the Department for Children and
18 Families’ Child Development Division shall convene and consult with a Bright
19 Futures Information System end-user group, composed of child care providers,
20 eligibility specialists from community child care support agencies, families
21 participating in the Child Care Financial Assistance Program, and any other

1 relevant stakeholders. The Division shall provide periodic updates to the end-
2 user group regarding the Division’s progress in completing the modernization
3 project and any successes or challenges identified once the modernized Bright
4 Futures Information System is operational. The Division shall actively seek
5 advice and feedback from the end-user group regarding the modernized Bright
6 Futures Information System. The end-user group shall be dissolved following
7 full functionality of all components of the modernized Bright Futures
8 Information System.

9 * * * Workforce Supports * * *

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

11 Subchapter 5. Workforce

12 § 3541. SCHOLARSHIPS FOR CURRENT EARLY CHILDHOOD

13 PROVIDERS

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

19 (b) The Department of Children and Families may contract for the
20 administration of the program set forth in subsection (a) of this section and
21 adopt policies, procedures, and guidelines necessary for its implementation.

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

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

6 § 3542. SCHOLARSHIPS FOR PROSPECTIVE EARLY CHILDHOOD

7 PROVIDERS

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

12 (2) An eligible individual shall:

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

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

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

19 (b)(1) The Department for Children and Families shall adopt policies,
20 procedures, and guidelines necessary for implementation of the program
21 described in subsection (a) of this section.

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

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

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

14 § 3543. STUDENT LOAN REPAYMENT ASSISTANCE

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

19 (2) An eligible individual shall:

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

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

5 (C) have earned an associates or bachelor's degree with a major
6 concentration in early childhood, child and human development, elementary
7 education, special education with a birth to age eight focus, or child and family
8 services within the preceding five years.

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

12 WORKFORCE PROGRAMS

13 (a) In fiscal year 2022:

14 (1) \$300,000.00 is appropriated to the Department for Children and
15 Families' Child Development Division for the current early childhood provider
16 scholarship program established pursuant to 33 V.S.A. § 3541.

17 (2) \$400,000.00 is appropriated to the Department for Children and
18 Families for the prospective early childhood provider scholarship program
19 established pursuant to 33 V.S.A. § 3542.

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

4 (b) On or before October 1, 2025, the Department for Children and
5 Families' Child Development Division, in consultation with stakeholders, shall
6 submit a report to the House Committees on Commerce and Economic
7 Development and on Human Services and to the Senate Committees on
8 Economic Development, Housing, and General Affairs and on Health and
9 Welfare:

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

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

18 Sec. 8. REPEALS

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

1 the State pursuant to the American Rescue Plan Act of 2021, Pub. L. No. 117-2
2 (ARPA) to meet the immediate and future child care needs of Vermonters.

3 (b) Powers and duties. The working group shall make recommendations to
4 the General Assembly to ensure that the use of the ARPA Child Care
5 Development Block Grant is fully utilized. The working group shall consider
6 the following priorities but need not be limited to consideration of the listed
7 priorities:

8 (1) bridge funding necessary to ensure that the co-payment for a family
9 participating in the Child Care Financial Assistance Program shall not exceed
10 10 percent of a family's annual gross income;

11 (2) bridge funding to expand the Child Care Financial Assistance
12 Program to families whose incomes are up to 400 percent of the current federal
13 poverty level;

14 (3) funding necessary to complete the child care and early childhood
15 education systems analysis and financing studies pursuant to Sec. 14 of this
16 act;

17 (4) funding necessary to implement the child care workforce support
18 programs established in 33 V.S.A. chapter 35, subchapter 5;

19 (5) increased access to high-quality infant care;

20 (6) access to high-quality, affordable child care for culturally and
21 racially diverse families;

1 growing diversity of Vermont’s children and families, including individuals
2 who are Black, Indigenous, and Persons of Color. Members of this working
3 group shall include a representative from both the House Committee on
4 Human Services and the Senate Committee on Health and Welfare, child care
5 and afterschool providers, and consultation with any other individuals
6 necessary to make recommendations for most effectively utilizing Child Care
7 Stabilization Grants funding received by the State pursuant to the American
8 Rescue Plan Act of 2021, Pub. L. No. 117-2 (ARPA) to meet the immediate
9 and future child care needs of Vermonters.

10 (b) Powers and duties. The working group shall make recommendations to
11 ensure that the use of the ARPA Child Care Stabilization Grants funding is
12 fully utilized in a timely manner.

13 (c) Report and approval. On or before September 1, 2021, the Department
14 shall submit a written report with the working group’s recommendations to the
15 Chairs of the House Committee on Human Services and the Senate Committee
16 on Health and Welfare or their designees. The Chairs or their designees shall
17 review the report and recommend to the Joint Fiscal Committee whether or not
18 to approve the report’s recommendations. After review of the report and the
19 recommendations of the Chairs or their designees, the Joint Fiscal Committee
20 shall approve the report’s recommendation, disapprove the report’s
21 recommendation, or direct the Department to amend and resubmit the report to

1 the Chairs by a date certain. Upon approval by the Joint Fiscal Committee, the
2 Department shall distribute funds according to the report's recommendations.

3 (d) Meetings.

4 (1) The Commissioner for Children and Families or designee and the
5 Executive Director of Building Bright Futures shall call the first meeting of the
6 working group and shall serve as Co-Chairs.

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

8 (3) The working group shall cease to exist on January 1, 2022.

9 * * * Studies and Reports * * *

10 Sec. 12. REPORT; CHILD CARE FINANCIAL ASSISTANCE PROGRAM;
11 ENROLLMENT MODEL

12 On or before July 1, 2022, the Department for Children and Families' Child
13 Development Division shall submit to the House Committees on
14 Appropriations and on Human Services and to the Senate Committees on
15 Appropriations and on Health and Welfare analyses addressing the costs and
16 policy implications associated with moving from an attendance-based model to
17 an enrollment-based model in the Child Care Financial Assistance Program.

18 Sec. 13. CHILD CARE AND EARLY CHILDHOOD EDUCATION
19 SYSTEMS ANALYSIS STUDY

20 (a)(1) On or before September 1, 2021, Building Bright Futures shall
21 develop and issue a request for proposals to select an independent consulting

1 entity with expertise in the field of child care and early childhood education to
2 provide an analysis and recommendations on Vermont’s child care and early
3 education systems for children from birth through five years of age. The
4 development of the request for proposals and selection of an independent
5 consulting entity shall be done in consultation with the Chairs of the House
6 Committee on Human Services and the Senate Committee on Health and
7 Welfare or their designees.

8 (2) On or before July 1, 2022, the independent consulting entity shall
9 submit the analysis and recommendations to the House Committee on Human
10 Services and to the Senate Committee on Health and Welfare regarding the
11 following:

12 (A) existing child care and early childhood education systems and
13 administrative stakeholders and structures, including functions that are
14 currently not staffed or understaffed;

15 (B) emerging system needs;

16 (C) stakeholder engagement in decision-making processes and State
17 plan development;

18 (D) mechanisms to strengthen system oversight and leverage current
19 system strengths;

20 (E) identification of existing needs and challenges;

1 (F) ensuring data driven accountability for improvement of the
2 current well-being and future outcomes of children and families; and

3 (G) ensuring that an antiracist approach is utilized in modifying
4 existing policies and procedures and creating new policies and procedures.

5 (b) All findings and recommendations provided pursuant to this section
6 shall:

7 (1) be divided by birth through five years of age and six years of age
8 through 12 years of age; and

9 (2) rely on the work and advice provided pursuant to Sec. 10 of this act.

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

14 (d) In fiscal year 2022, \$200,000.00 is appropriated to the Department for
15 Children and Families from the General Fund for the purpose of enabling
16 Building Bright Futures to contract with an independent consulting entity
17 pursuant to this section.

18 Sec. 14. CHILD CARE AND EARLY CHILDHOOD EDUCATION

19 FINANCING STUDY

20 (a) On or before July 1, 2022, the Joint Fiscal Office shall contract with an
21 economist or independent consulting entity with expertise in the field of child

1 care and early childhood education to evaluate the economic impacts of and
2 potential funding mechanisms to adjusting Vermont’s existing child care
3 system regulated pursuant to 33 V.S.A. chapter 35 for children from birth
4 through five years of age with consideration given to the intersection of and
5 impacts on child care for children from six years of age through 12 years of
6 age in alignment with the recommendations of the Universal Afterschool Task
7 Force established pursuant to 2020 Acts and Resolves No. 154, Sec. B.1120.1.
8 The work of the economist or independent consulting entity shall be governed
9 by the following goals:

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

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

14 (3) the utilization of a cost of care model versus a market rate model in
15 the Child Care Financial Assistance Program.

16 (b)(1) On or before December 1, 2022, the consultant shall submit
17 preliminary results to the Joint Fiscal Office and to the Chairs of the House
18 Committees on Appropriations, on Human Services, and on Ways and Means
19 and to the Senate Committees on Appropriations, on Finance, and on Health
20 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 **multiple financing options for public and private funding**
5 **sources, including a final report** that:

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

11 (B) identifies and determines the feasibility of implementing stable,
12 long-term funding sources to finance an affordable, high-quality early child
13 care system for children from birth through five years of age.

14 * * * Federal Funding, Administration * * *

15 Sec. 15. FEDERAL FUNDS; ANTICIPATED RECEIPTS

16 (a) To the extent that appropriations in this act are made from federal funds
17 provided by the American Rescue Plan Act of 2021, Pub. L. No. 117-2
18 (ARPA), including State holding funds that are established as a result of the
19 ARPA, the Commissioner of Finance and Management is authorized to make
20 expenditures in anticipation of receipts as necessary. In the event monies

1 received by the State under ARPA cannot be used for their designated purpose,
2 appropriations shall instead be made from the General Fund.

3 (b) The appropriations in this act from funds provided by ARPA
4 shall carry forward from fiscal year 2021 until expended.

5 * * * Effective Dates * * *

6 Sec. 16. EFFECTIVE DATES

7 (a) This section and Secs. 10 (recommendations; American Rescue Plan
8 Act of 2021; Child Care Development Block Grant) and 11 (recommendations;
9 American Rescue Plan Act of 2021; Child Care Stabilization Grants) shall take
10 effect on passage.

11 (b) All other sections shall take effect on July 1, 2021, except that Secs. 2
12 (Child Care Financial Assistance Program; eligibility) and 3 (payment to
13 providers) shall take effect on October 1, 2021.

14 and that after passage the title of the bill be amended to read: “An act
15 relating to child care systems and financing”

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4 (Committee vote: _____)

5

6

Senator _____

7

FOR THE COMMITTEE