

**S.56: An act relating to child care and early childhood education**  
as Passed the Senate

\* \* \* LEGISLATIVE INTENT \* \* \*

**Sec. 1. Legislative Intent**

\* \* \* PREKINDERGARTEN \* \* \*

**Sec. 2. Prekindergarten Education Study Committee; Report**

- Establishes a study committee to make recommendations on how to improve and expand accessible, affordable, and high-quality prekindergarten education

\* \* \* CHILD CARE AND CHILD CARE SUBSIDIES \* \* \*

**Sec. 3. Child Care Financial Assistance Program; Eligibility (33 V.S.A. § 3512)**

- Expands from 150% FPL to 185% FPL families with no co-pay in CCFAP
- Expands family eligibility for participation in CCFAP from 350% FPL to 600% FPL
- Requires that CCFAP applications are in plain-language and available in electronic and paper formats

**Sec. 4. Provider Rate Adjustment; Child Care Financial Assistance Program**

- Initiates a 1x adjustment for provider rates on 1/1/24 for the care of children 0-4 (including 5-year-olds not yet enrolled in kindergarten)
- Adjusted rate accounts for the age of children served and is 38.5% higher than the current 5-STAR rate
- Providers in the same child care setting category shall receive the same rate

**Sec. 5. Appropriation; Child Care Financial Assistance Program**

- In addition to other funds appropriated for CCFAP in FY24, \$45.3m is appropriated from GF to DCF for the program eligibility expansion in Sec. 3 and the FY24 provider rate adjustment in Sec. 4
- In addition to other funds appropriated for DCF administration in FY24, \$6m is appropriated from GF to DCF to administer the CCFAP eligibility expansion in Sec. 3 and the FY24 provider rate adjustment in Sec. 4

**Sec. 6. Readiness Payments and Grants; Child Care Financial Assistance Program**

- In FY24, \$25m is appropriated from GF to DCF for the purpose of providing grants to child care providers delivering services to children 0-4 years of age (including 5-year-olds not yet enrolled in kindergarten) in preparation of the CCFAP eligibility expansion in Sec. 3 and the FY24 provider rate adjustment in Sec. 4
  - 5% of these funds may be used to contract with a 3<sup>rd</sup> party to provide technical assistance to child care providers to build or maintain capacity, etc.
- In delivering funds pursuant to this section, DCF may (but is not required to) use the same distribution framework used to distribute Child Care Development Block Grants funds in accordance with ARPA

- DCF must provide a status report on the distribution of readiness payments and grants to JFC in Nov. 2023

**Sec. 7. Payment to Providers for School Age Children (33 V.S.A. § 3514)**

- Existing provider rate methodology will only apply for child care services to children 5 years of age or older (excluding those 5-years-olds not yet enrolled in kindergarten)

**Sec. 8. Payment to Providers for Children Birth Through Four Years of Age; High Quality Incentive Program (33 V.S.A. § 3515)**

- Establishes an ongoing payment schedule (after 1x adjustment) for children 0-4 (including 5-year-olds not yet enrolled in kindergarten) that accounts for the age of the children served
- Providers in the same child care setting category shall receive the same rate
- Provider reimbursement rate will be increased over the previous year's rate annually on July 1 in alignment with the most recent annual average wage growth for NAICS code 611, educational services

**Sec. 9. Child Care Quality and Capacity Incentive Program (33 V.S.A. § 3516)**

- Directs the Commissioner of DCF to establish a child care quality and capacity incentive program for providers participating in CCFAP and delivering child care services to children 0-4 years of age (including 5-year-olds not yet enrolled in kindergarten)
- Annually all providers in the same child care setting category receive the same base incentive, which may be supplemented if certain quality and capacity achievements are met

**Sec. 10. Child Care Waitlist and Application Fees (33 V.S.A. § 3517)**

- Prohibits a child care provider from charging an application or waitlist fee where the applying child is eligible for CCFAP

**Sec. 11. Provider Compensation and Total Cost of Care; Recommendations**

- By 11/1/23 DCF, in consultation with others, is required to submit a report to HHS/SHW addressing:
  - Whether/how to integrate a tiered professional pay scale for professionals providing child care services as part of CCFAP;
  - The structure of tiered professional pay scales in other jurisdictions; and
  - The appropriate mechanism to implement any approved tiered professional pay scale.
- By 11/1/24, DCF, in consultation with others, is required to provide the following to HHS/SHW:
  - A tiered professional pay scale; and
  - Formula to calculate the total costs of care to serve children in regulated child care

**Secs. 12. Noncitizen Child Care Assistance Program (33 V.S.A. chapter 35, subchapter 6)**

- § 3551. Legislative Intent
- § 3552. Subsidies for Certain VT Residents
  - Directs DCF to provide State-funded child care subsidies equivalent to CCFAP to VT residents who have a citizenship status for which CCFAP participation is not available and meet the income eligibility established by DCF

**Sec. 13. DCF; Noncitizen Child Care Assistance Program Subsidies; FY25 Estimate**

- DCF is required to provide information on the estimated FY25 costs of providing coverage to VT residents who have a citizenship status for which CCFAP participation is not available beginning on 7/1/24 as part of its FY25 budget presentation

\* \* \* SPECIAL ACCOMMODATIONS GRANT \* \* \*

**Sec. 14. Report; Special Accommodations Grant**

- By 1/15/24, DCF shall submit a report to HHS/SHW providing a proposal to streamline the application process for special accommodation grants

\* \* \* TRANSITIONAL ASSISTANCE AND GOVERNANCE \* \* \*

**Sec. 15. Building Bright Futures; Technical Assistance; Stakeholder Engagement**

- Authorizes DCF to contract with BBF for stakeholder engagement and technical assistance services for the purpose of implementing Secs. 2 (prekindergarten), Sec. 11 (provider compensation and total cost of care), Sec. 12 (Noncitizen Child Care Assistance Program), and Sec. 14 (report; special accommodations grant) of this act

**Sec. 16. Report; Child Care System Governance**

- Requires the Sec. of AHS to conduct an assessment of the organizational structure of DCF and submit a report to HAC/HGO/HHS and SAC/SGO/SHW by 1/15/2024

\* \* \* REPEALS; CHILD TAX CREDIT \* \* \*

**Sec. 17. Repeals; Child Tax Credit**

- Repeals the Vermont Child Tax Credit, an income tax credit for income-qualifying taxpayers with children 5 and under, and the related statutory purpose for the credit

\* \* \* CHILD CARE AND PARENTAL LEAVE CONTRIBUTION \* \* \*

**Sec. 18. Child Care and Parental Leave Contribution (32 V.S.A. chapter 246)**

- Establishes a payroll tax on wages and net self-employment income to fund CCFAP and the Parental Leave Benefit Program
- Creates Child Care and Parental Leave Contribution Special Fund into which contributions will be deposited

**Sec. 19. Child Care and Parental Leave Contribution Positions and Appropriations**

- Creates 15 new, classified positions in Dept. of Taxes in FY24 to administer the Child Care and Parental Leave Contribution

\* \* \* PARENTAL LEAVE BENEFIT PROGRAM \* \* \*

**Sec. 20. Parental Leave Benefit Program (33 V.S.A. chapter 2201)**

- Establishes the parental leave benefit program on 1/1/24, which shall be administered by DCF

**Sec. 21. Appropriations; Parental Leave Benefit Program**

- Appropriates \$2,000,000 in FY24 to DCF's Child Development Division for the implementation and administration of the Parental Leave Benefit Program
- Appropriates \$5,600,000 in FY24 to DCF's Child Development Division for benefit costs associated with the Parental Leave Benefit Program

\* \* \* EFFECTIVE DATES \* \* \*

**Sec. 22. Effective Dates**

- Act takes effect 7/1/23, except:
  - Noncitizen Child Care Assistance Program shall take on 7/1/24 subject to appropriations for this purpose
  - CCFAP (including eligibility expansion; 1x rate adjustment; provider payments; and quality and capacity incentive payments) takes effect on 1/1/24
  - Repeal of the child tax credit takes effect retroactively on 1/1/23 and applies to taxable years beginning on and after 1/1/23
  - Child care and parental leave contribution takes effect 7/1/24
  - Parental leave benefit program takes effect 1/1/24