



# Department of Children and Families, Child Development Division **Legislative Report on Scholarships and Student Loan Repayment for Vermont's Child Care and Early Learning System**

Act 45: An Act Related to Child Care Systems and Financing

**Submitted To:**

The House Committees on Commerce and Economic Development, and Human Services; and to the Senate Committees on Economic Development, Housing and General Affairs, and on Health and Welfare

**Submitted By:**

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## Summary

This report has been prepared in accordance with Act 45 of 2021, Section 7:

On or before October 1, 2025, the Department for Children and Families' Child Development Division, in consultation with stakeholders, shall submit a report to the House Committees on Commerce and Economic Development and on Human Services and to the Senate Committees on Economic Development, Housing and General Affairs and on Health and Welfare: (1) evaluating the effectiveness of the scholarship and student loan repayment programs established in 33 V.S.A. chapter 35, subchapter 5 at recruiting and retaining providers in Vermont's child care and early learning system; and (2) recommending whether the scholarship and student loan repayment programs established in 33 V.S.A. chapter 35, subchapter 5 shall be repealed in accordance with Sec. 8 of this act, retained and funded in their current states, or retained with amendment.

## Background

In 2021, the Vermont Legislature passed Act 45, a law aimed at strengthening Vermont's early childhood education workforce by addressing barriers related to affordability and access to professional credentials. As part of this effort, the Act established two new financial support programs in addition to funding T.E.A.C.H. Early Childhood, an existing program that provides financial support to early childhood educators in Vermont to help them pursue higher education and advance their careers while continuing to work in the field.

Act 45 established a student loan repayment program for current early childhood educators. The loan repayment program was designed to assist current early childhood educators with existing student debt, offering up to \$4,000 per year for those working at least 30 hours per week, and earning less than \$50,000 annually.

The Act also established a scholarship with a post-degree work commitment program for prospective early childhood professionals pursuing higher education at Vermont institutions.

These initiatives reflect Vermont's commitment to investing in a highly qualified, stable early childhood workforce as a foundational element of its broader early care and learning system. According to Act 45, both of the new programs were scheduled to be repealed as of July 1, 2026.

## Implementation of the Student Loan Repayment Assistance Program

The state established a Student Loan Repayment Assistance Program (SLRAP) through a competitive RFP process in 2021. The Vermont Association for the Education of Young Children (VTAEYC) earned the grant to administer the program, developed a process for applications and awards, and began distributing funds in 2022. In its first two years, federal actions – including the pause on federal student loan repayments and evolving federal loan forgiveness initiatives – significantly influenced Vermont's student loan assistance programs. With federal payments on hold and interest rates at zero during this period, fewer borrowers sought immediate relief through state-based programs, resulting in lower initial demand for Vermont's Student Loan Repayment Assistance Program (SLRAP) for early childhood educators. However, as the federal pause extended and uncertainties around long-term forgiveness grew, Vermont began to adapt its programs to fill emerging gaps—recognizing that many borrowers, particularly those in public service fields, still faced significant long-term debt burdens. These changes laid the groundwork for Vermont to expand eligibility, increase payment caps, and align more strategically with federal forgiveness pathways by late 2023, ensuring the state's support remained relevant and impactful in a rapidly shifting loan policy landscape. In Act 76 of 2023, the statute was revised to increase the annual salary cap for the Student Loan Repayment Program from \$50,000 to \$60,000.

In addition, the scheduled repeal of SLRAP was eliminated in Act 76 of 2023; CDD has continued to fund this program with federal funding for child care workforce development.

## Student Loan Repayment Program

Metric	Value
<b>Total Awardees (All Years)</b>	<b>226</b>
└─ Year 1	47
└─ Year 2	122
└─ Year 3 (as of 7/30/2025)	57
<b>Total Unique Awardees</b>	<b>187</b>
└─ Awarded in 2 of 3 Program Years	36
└─ Awarded in All 3 Program Years	3
<b>Applicants with Full Student Loan Debt Paid Off Through the Program</b>	<b>10</b>

## Implementation of the Scholarship for Prospective Early Childhood Educators

This program was launched in 2022 with the Vermont Student Assistance Corporation as the administrator. However, the Scholarship for Prospective Early Childhood Providers program was discontinued within its first year due to limited uptake and constraints on the identified funding source. The timeline for liquidating the American Rescue Plan Act Child Care Development Fund (ARPA CCDF) funds allocated for this work did not align with the timeline for participants to complete their degrees and post-degree commitment. Enrollment for the program was also lower than expected. This was likely due to the simultaneous expansion of other, more flexible scholarship programs available to Vermonters attending Vermont institutions without a specific work commitment; this was the reason cited by those who were awarded the scholarship but declined it. The seven students who did accept the award were given the scholarship dollars for that first year and released from the work commitment as the program was discontinued. The discontinuation was shared with the Joint Fiscal Committee in September 2023 and permission was given to transition the ARPA CCDF funds to the already established T.E.A.C.H. scholarship program.

The official repeal of this non-active program should continue as planned.

### Scholarship for Prospective Early Childhood Providers Program

Metric	Value
Reporting Period	July 1 – Dec 31, 2022
Completed Applications	16
Applications Awarded	14
Awards Declined/Cancelled	7
Scholarships Disbursed	7
Total Amount Disbursed	\$81,797