
**Report to
The Vermont Legislature**

Child Care Capacity Building

In Accordance with Act 74 Section B.318

Submitted to: General Assembly

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**AGENCY OF HUMAN SERVICES
Department for Children and Families**

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Summary

The Fiscal year 2022 Appropriations Act provides that, on or before January 2022 the Department for Children and Families (DCF) shall consider statewide child care system capacity needs in its use of the Child Care Development Block Grant funds to expand statewide capacity and report to the General Assembly on capacity grants issued to expand existing programs or establish new programs, or both.

Introduction

Ensuring an adequate supply of high-quality, regulated, child care slots are available for Vermont's children is a top priority for DCF's Child Development Division (CDD). Vermont families should have access to regulated child care, early learning, and afterschool services that meet their family's needs. Regulated child care in Vermont is child care that is safe, healthy, and supports children's development. CDD monitors the opening and closing of regulated child care programs to assess how much child care is available to families in Vermont. An adequate supply of regulated child care is important for a variety of reasons, including:

- A family's ability to be part of the workforce
- Child care programs are safe, loving and stimulating environments
- Over 90% of brain development occurs in the early years and nurturing relationships in regulated child care supports brain development in young children.
- Access to child care, early learning, and afterschool activities prepare young Vermonters to be contributing members of Vermont communities

The state has made significant investments in child care capacity building including a one-time \$1.6 million to increase capacity in underserved areas of the state in SFY20 and SFY21, and an annual investment of \$800,000 to increase infant and toddler child care capacity across the state. Combined these investments have created over 1,500 new child care slots across the state by the beginning of SFY20.

Part 1: Status of DCF Child Care Capacity Building

CDD issued a Request for Application (RFA) in September 2019, for a statewide contract for the implementation and administration of the Building Child Care Capacity Grant Program. The RFA closed on October 4, 2019, and an agreement in the amount of \$1.4 million was executed with Let's Grow Kids on November 21, 2019. The goal of the Building Child Care Capacity grant program was to create more high-quality child care slots for vulnerable children in underserved areas of the state with a priority for infant and toddler capacity. As part of the program, Let's Grow Kids provided technical assistance and reviewed applications submitted directly by child care providers for funding new child care programs or sustaining programs that opened within that year. To continue capacity building efforts DCF awarded an additional \$200,000 to Let's Grow Kids on November 24, 2020, and extended the grant for an additional 6 months.

Annually, DCF typically invests \$800,000 to increase infant and toddler child care capacity across the state. DCF issued an RFA in November 2019, for a statewide contract for the implementation and administration of the Expanding Infant and Toddler Child Care Capacity program. The RFA closed on December 11, 2019, and Grant #03440-35503-20 in the amount of \$800,000 was executed with Let's Grow Kids on January 29, 2020. This agreement has been amended in subsequent years to add funding to continue building infant and toddler capacity across the state:

Amendment #/Year	Date executed	Amount
#1 SFY21	6/30/2020	\$272,000
#2 SFY22	6/16/2021	\$800,000

This program provides grants and technical assistance to recipient programs to open new child care programs or to sustain programs that opened within one year of the application. Family child care programs and centers must provide care to infant and toddlers to be eligible for these grants.

Part 2: Expansion of DCF Child Care Capacity

The Child Development Division (CDD) will be implementing the following measures in order to further expand capacity building efforts:

- The level of funding for the Infant and Toddler Capacity Building Program under Grant #03440-35503-20 with Let’s Grow Kids will be increased in SFY’22 and SFY’23 by \$800,000 per year using American Rescue Plan Act (ARPA) discretionary dollars, commonly referred to as supplemental funding.
- An additional \$1,000,000 per year of ARPA discretionary dollars will be made available for capacity building via a competitive procurement process that will be issued by the CDD.
- Additional allowable expenditures will be allowed within Grant #03440-35503-20 as well as within new capacity building grants. The allowable expenditures will include, but are not limited to, small business development training, additional technical assistance and consulting, and incentives for longer hours of operation.
- Additionally, the CDD and Let’s Grow Kids will allow for increased timelines, when appropriate, to allow for larger scale projects and increased sustainability.

For SFY’22 and SFY’23, CDD also has funding for workforce supports (\$2.6 million), Special Accommodation Grants to support specialized needs of children (\$500,000), and business training (\$500,000), approved by the Joint Fiscal Committee in September 2021. Pursuant of Act 45, CDD will direct the \$2.6 million in ARP Discretionary funds for workforce towards scholarships for current and prospective early childhood providers, and scholarships for current early childhood providers. Discretionary funds will be used to support two new workforce programs as established in Sec. 6 33 V.S.A. chapter 35 §3542 and §3543.

Part 3: Status of Statewide Child Care Capacity

The Child Development Division has focused on increasing capacity building for the last several years. Overall, child care capacity in the last federal fiscal year has increased with the exception in the school age category.

When looking at capacity trends in child care, it is important to consider the birth rate in Vermont as well. In Vermont the birth rate has been steadily declining since at least 2015. Although there are areas that we still need to increase capacity, it needs to be done in conjunction with understanding how our population is or is not growing. There have been slight increases in capacity for infant, toddler and preschool age groups over the last year (October 2020 to September 2021), however we have lost 6% capacity for school age children. The Child Development Division has been targeting infant and toddler slots to grow and this year with American Rescue Plan Act Child Care Development Block Grant funding, and will also be focusing on increasing capacity for the school age population.

Vermont Live Births

Division of Vital Statistics, National Center for Health Statistics

Year	Total Live Births	Change From Previous Year
2012	6009	----
2013	5975	-34
2014	6130	+155
2015	5903	-227
2016	5756	-147
2017	5655	-101
2018	5432	-223
2019	5361	-71

Impact of Change by Age Category in Licensed Capacity of Child Care Programs between October 2020 and September 2021

	Change from October 2020 – September 2021				Percent Change			
	Infant	Toddler	Preschool	School Age	Infant	Toddler	Preschool	School Age
Bennington	-25	5	12	11	-13%	3%	2%	3%
Hartford	8	14	25	-265	4%	8%	3%	-21%
Burlington	18	22	135	-234	2%	2%	4%	-4%
Barre	-2	7	15	-62	-1%	4%	1%	-5%
Morrisville	-2	-13	-125	-43	-2%	-8%	-17%	-9%
Middlebury	8	13	23	-69	8%	13%	4%	-7%
Newport	0	0	0	0	0%	0%	0%	0%
Springfield	-7	0	-2	17	-8%	0%	0%	2%
St. Albans	10	8	39	-248	9%	9%	5%	-37%
St. Johnsbury	0	3	37	-22	0%	2%	6%	-4%
Rutland	29	55	16	37	14%	30%	2%	3%
Brattleboro	16	34	-5	6	10%	19%	-1%	1%
Statewide	53	148	170	-872	2%	6%	2%	-6%

Conclusion

Increasing child care, early education, and afterschool services capacity is imperative for healthy development of children as well as sustaining the workforce and local economy. As is noted in the chart above, the effort to expand capacity in the areas that were targeted has been working and the Child Development Division remains committed to focusing on developing more slots while also monitoring the population trends. The Department for Children and Families, Child Development Division remains committed to supporting families, providers and communities to meet their child care needs. It is anticipated that with the additional planned investments and mitigation measures outlined in this report, the CDD will be able to make significant advancement toward increasing statewide child care capacity by the end of SFY '23.