
**Report to
The Vermont Legislature**

**Status Report on the
Readiness Payment Program**

In Accordance with Act 76 (2023)

Submitted to: Joint Fiscal Committee

**Submitted by: Chris Winters, Commissioner
Department for Children and Families**

**Prepared by: Janet McLaughlin, Deputy Commissioner
Child Development Division**

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Executive Summary

This report has been prepared in accordance with requirements described within Section 8(c) of Act 76 from 2023: an act related to child care, early education, workers' compensation, and unemployment insurance. It provides a status update on the Department for Children and Families, Child Development Division's (CDD) implementation of the Act 76 Readiness Payment Program. Highlights from the report include:

- \$16.2M has been awarded to approximately 720 regulated child care, preschool, and afterschool programs by mid-October.
- Initial monthly payments totaling \$2.5M were distributed in late September.
- Approximately 80% of eligible programs have applied and received an award.
- The Readiness Payment Program was designed with feedback from child care, preschool, and afterschool programs.
- The Program application takes less than ten minutes.
- Child care, preschool, and afterschool programs may use funds for stabilization, expansion, inclusion, and workforce needs.

Overview

CDD launched the Act 76 Readiness Payment Program to distribute up to \$20M to regulated child care, preschool, and afterschool programs in August 2023. This new, temporary program was created in Act 76 to support family child care homes, center-based child care and preschool programs, and afterschool programs to "get ready" for the expansion of the Child Care Financial Assistance Program (CCFAP) and other changes in Act 76.

Payment amounts are based on a formula that considers program size, program type, ages served (with priority for infants/toddlers), plans for growth, and other quality-related factors. Readiness program payments will be distributed monthly from September until at least February 2024.

As part of creating the Readiness Payment Program, CDD conducted outreach to collect input from child care, preschool, and afterschool providers. These stakeholders were asked what worked and what didn't work within CDD's previous American Rescue Plan Act (ARPA)-funded payment programs. Using this feedback, the Readiness Payment Program was designed to promote ease of application, the flexible use of funding, and the timely disbursement of program funding.

Ease of Application

All regulated child care, preschool, and afterschool programs that currently accept or are willing to accept CCFAP have been invited to apply. To receive payment, programs complete a short application which is designed to take no more than ten minutes to complete. Questions are directed to a dedicated email inbox and answered within one business day.

CDD estimates that approximately 80% of eligible regulated programs have applied and been awarded funds as of mid-October 2023. CDD is reaching out to programs that have yet to apply to encourage their full participation in this program.

Flexible Use of Funding

Child care, preschool, and afterschool programs have flexibility in how they use the payments to support their stability, expansion, and quality improvement efforts. Within the application form, programs were encouraged to consider how this funding could best serve their program. When applying, programs shared likely applications of Readiness Payment Program funding; common themes included increasing staffing wages and providing bonuses, expanding program enrollment across age groups, and increasing program operating hours.

Timely Disbursement of Funds

The first monthly round of Readiness payments was distributed on September 26, 2023. \$2.5M was distributed to 656 programs, including family child care homes, center-based child care and preschool programs, and afterschool programs. As of October 16, 2023, over 720 programs have applied and have been awarded \$16.2M. This represents \$16.28M committed from mid-October 2023, through February 2024. Awards ranged from \$8,775 for a family child care home serving six children to \$90,882 for a large center with plans for growth and a high-need population.

Across the state, registered and licensed family child care homes received awards averaging \$9,188. Center-based child care and preschool programs received awards averaging \$35,735; for afterschool programs, the average award statewide was \$25,899.

Next Steps

CDD is collaborating with Let's Grow Kids, First Children's Finance, and the Vermont Association for the Education of Young Children (VTAEYC) to continue offering webinars and outreach to providers and stakeholder groups. In addition, the First Children's Finance Business Technical Assistance Program is available to assist programs with various technical assistance needs.

If any Readiness payment funding is available at the end of the February 2024 round of payments, CDD will issue an additional round of funding to program participants to ensure that all program funding is distributed.