

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Human Services to which was referred House Bill No.
3 171 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 bill be amended by striking out all after the enacting
6 clause and inserting in lieu thereof the following:

7 * * * Legislative Intent * * *

8 **Sec. 1. LEGISLATIVE INTENT**

9 It is the intent of the General Assembly:

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

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

1 ~~income~~, adjusted for the size of the family. The flat family co-payment amount
2 at the upper limit of the fee scale shall not exceed ten percent of a family's
3 gross family income. The scale shall be structured so that it ~~encourages~~
4 supports employment. If the federal poverty guidelines decrease in a given
5 year, the Division shall maintain the previous year's federal poverty guidelines
6 for the purpose of determining eligibility and benefit amount under this
7 subsection.

8 * * *

9 (5) Families eligible to participate in the Child Care Financial
10 Assistance Program shall include those in which a parent or guardian:
11 (A) works at least part-time;
12 (B) works a nontraditional schedule;
13 (C) is enrolled only part-time in a higher education or job training
14 program, including graduate and professional programs or a second bachelor's
15 degree program; or
16 (D) is participating in inpatient or intensive outpatient substance
17 misuse treatment or mental health treatment, or both.

18 * * *

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

20 § 3514. PAYMENT TO PROVIDERS

1 limit of the reimbursement rate caps shall be no more than the 90th percentile
2 of all reported rates for the same provider setting in each rate category.

3 Sec. 4. APPROPRIATION AND LEGISLATIVE INTENT; CHILD CARE
4 FINANCIAL ASSISTANCE PROGRAM

5 (a) In fiscal year 2022, \$5,529,000.00 is appropriated from the General
6 Fund to the Department for Children and Families' Child Development
7 Division above the fiscal year 2021 base appropriation for the purpose of
8 implementing Secs. 2 of this act.

9 (b) It is the intent of the General Assembly that:

10 (1) an appropriation that meets or exceeds the amount distributed in
11 fiscal year 2022 be made in fiscal years 2023 through 2026 to progressively
12 adjust the upper income limit of the Child Care Financial Assistance Program
13 fee scale each year; and

14 (2) by fiscal year 2026, a family shall spend not more than ten percent of
15 their gross annual income on child care.

16 * * * Bright Futures Information System * * *

17 Sec. 5. BRIGHT FUTURES INFORMATION SYSTEM;
18 MODERNIZATION PLAN

19 (a) In fiscal year 2022, \$4,500,000.00 is appropriated from the General
20 Fund to the Department for Children and Families' Child Development

1 Division for the purpose of completing implementation of the Bright Futures
2 Information System modernization plan.

3 (b)(1) On or before October 1, 2021, the Department for Children and
4 Families' Child Development Division shall ensure full functionality of all
5 components of the Bright Futures Information System.

6 (2) On or before August 1, 2021, the Department for Children and
7 Families' Child Development Division shall convene and consult with a Bright
8 Futures Information System end-user group, comprised of child care providers,
9 eligibility specialists from community child care support agencies, and parents
10 participating in the Child Care Financial Assistance Program. The Division
11 shall provide monthly updates to the end-user group regarding the Division's
12 progress in completing the modernization project and any successes or
13 challenges identified once the Bright Futures Information System is
14 operational. The Division shall actively seek advice and feedback from the
15 end-user group regarding the Bright Futures Information System. The end-user
16 group shall be dissolved on August 1, 2022.

17 * * * Workforce Supports * * *

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

19 Subchapter 5. Workforce

20 § 3541. SCHOLARSHIPS FOR CURRENT EARLY CHILDHOOD

21 PROVIDERS

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

6 (b) The Division shall contract for the administration of the program set
7 forth in subsection (a) of this section and adopt policies, procedures, and
8 guidelines necessary for its implementation. Scholarships distributed pursuant
9 to this section shall be available on a first-come, first-served basis until any
10 appropriated funds are depleted.

11 (c) 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 § 3542. SCHOLARSHIPS FOR PROSPECTIVE EARLY CHILDHOOD
15 PROVIDERS

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

20 (2) An eligible individual shall:

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

1 (B) be pursuing an associates, bachelor’s ~~or master’s~~ degree in early
2 childhood education or early childhood special education; and

3 (C) commit to working in early childhood education in Vermont ~~for~~
4 at least three years after completion of their degree program for as many years
5 as scholarship monies are sought under this section.

6 (b)(1) The Department shall adopt policies, procedures, and guidelines
7 necessary for implementation of the program described in subsection (a) of this
8 section.

9 (2) The Department may contract for the administration of the program.
10 Administration costs shall not be more than ten percent of the total
11 appropriation received to implement this section.

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

14 (2) An eligible individual who is unable to work the required number of
15 years in early childhood education in Vermont after completion of their degree
16 program shall repay scholarship monies received under this section
17 commensurate with the balance of the eligible individual’s time commitment.

18 (e)(d) An individual shall not simultaneously participate in the scholarship
19 program set forth in this section and the student loan repayment assistance
20 program set forth in section 3543 of this title.

21 § 3543. STUDENT LOAN REPAYMENT ASSISTANCE

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

5 (2) An eligible individual shall:

6 (A) work in a privately operated center-based child care program as a
7 lead or associate teacher or in a family child care home that is regulated by the
8 Division for at least an average of 30 hours per week for 48 weeks of the year;

9 (B) receive an annual salary of not more than ~~\$60,000.00~~ \$50,000.00;
10 and

11 (C) have earned a bachelor's or ~~master's~~ associate's degree in early
12 childhood education or early childhood special education within the preceding
13 five years.

14 (3) To participate in the program set forth in this section, an eligible
15 individual shall submit to the Department for Children and Families
16 documentation expressing the individual's intent to work in a regulated,
17 privately operated center-based child care program or family child care home
18 for at least the following 12 months following the annual loan repayment
19 award notification. A participant may receive up to ~~\$4,500.00~~ annually
20 ~~\$4,000.00~~ in student loan repayment assistance, which shall be distributed by
21 the Department in four allotments. The Department shall distribute at least

1 one-quarter of the individual’s total annual benefit after the individual has
2 completed three months of employment in accordance with the program. The
3 remainder of an individual’s total annual benefit shall be distributed by the
4 Department every three months after the initial payment.

5 (b)(1) The Department shall adopt policies, procedures, and guidelines
6 necessary to implement the provisions of this section.

7 (2) Funds appropriated for this program shall be expended for
8 repayment of student loans. Student loan repayments shall be available
9 pursuant to this section on a first-come, first-served basis until appropriated
10 funds are depleted.

11 (3) The Department may contract for the administration of the program.
12 Administration costs shall not be more than ten percent of the total
13 appropriation received to implement this section.

14 (c) An individual shall not simultaneously participate in the student loan
15 repayment assistance program set forth in this section and either of the
16 scholarship programs set forth in section 3541 or 3542 of this title.

17 Sec. 7. APPROPRIATION AND LEGISLATIVE INTENT; EARLY

18 CHILDHOOD WORKFORCE PROGRAMS

19 (a)(1) In fiscal year 2022, \$300,000.00 is appropriated from the General
20 Fund to the Department for Children and Families’ Child Development

1 Division for the Current Early Childhood Provider Scholarship Program
2 established pursuant to 33 V.S.A. § 3541.

3 (2) In fiscal year 2022, ~~\$200,000.00~~ \$400,000.00 is appropriated from
4 ~~the General Fund~~ to the Department for Children and Families for the
5 Prospective Early Childhood Provider Scholarship Program established
6 pursuant to 33 V.S.A. § 3542.

7 (3) In fiscal year 2022, ~~\$2,000,000.00~~ \$1,800,000.00 is appropriated
8 ~~from the General Fund~~ to the Department for Children and Families for the
9 student loan repayment assistance program established pursuant to 33 V.S.A.
10 § 3543.

11 (b) It is the intent of the General Assembly that appropriations that meet or
12 exceed each of the amounts appropriated in fiscal year 2022 pursuant to
13 subdivisions (a)(1) through (3) of this section be made in fiscal years 2023
14 through 2026.

15 Sec. 11. REPEALS

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

18 (b) 33 V.S.A. § 3542 (scholarships for prospective early childhood
19 providers) is repealed on July 1, 2026.

20 (c) 33 V.S.A. § 3543 (student loan repayment assistance program) is
21 repealed on July 1, 2026.

1 (b) On or before January 15, 2023, Building Bright Futures shall submit the
2 analysis and recommendations required pursuant to this section to the General
3 Assembly.

4 (c) Building Bright Futures shall consult the Early Care and Education
5 Advisory Committee, established in Sec. 14 of this act, in preparing the
6 analysis and recommendations required pursuant to this section.

7 (d)(1) In fiscal year 2022, \$200,000.00 is appropriated from the General
8 Fund to Building Bright Futures for the purpose of implementing this section.

9 (2) Building Bright Futures may use appropriated funds to cover
10 administrative needs associated with the study and to contract a consultant with
11 experience in organizational or administrative governance, administration, or
12 system management experience.

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

17 **Sec. 9. REPORT; CHILD CARE FINANCIAL ASSISTANCE PROGRAM**

18 On or before January 15, 2022, the Department for Children and Families’
19 Child Development Division shall submit to the House Committees on
20 Appropriations and on Human Services and to the Senate Committees on
21 Appropriations and on Health and Welfare analyses addressing:

1 (1) the costs associated with moving from an attendance-based model to
2 an enrollment-based model in the Child Care Financial Assistance Program;

3 and

4 (2) the costs of utilizing a cost of care model versus a market rate model
5 in the Child Care Financial Assistance Program.

6 Sec. 10. EARLY CHILDHOOD FINANCING STUDY

7 (a) On or before January 15, 2022, the State Treasurer, Auditor, Joint Fiscal
8 Office, Commissioner of Finance, and Commissioner of Taxes shall deliver to
9 the General Assembly a comprehensive report identifying and determining the
10 feasibility of implementing a stable, long term funding source to finance an
11 affordable, high quality early child care system given child care's role in
12 postpandemic stimulus and long term economic development. The State
13 Treasurer, Auditor, Joint Fiscal Office, Commissioner of Finance, and
14 Commissioner of Taxes shall consider stable, ongoing funding necessary to
15 achieve an early care and education system in which: On or before October 1,
16 2021, the Joint Fiscal Office shall contract with an economist or analyst with
17 specific expertise in the field of early care and education to examine the
18 economic impacts of and potential funding mechanisms to adjust Vermont's
19 existing child care system to:

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

1 (2) require that child care providers receive compensation that is
2 commensurate with their peers in other fields;

3 (3) all Vermont children below five years of age have access to a child
4 care space that meets their needs; and

5 (4) early care and education programs are able to support families'
6 access to coordinated services.

7 (b)(1) The report required pursuant to this section shall determine:

8 (1) a stable, long term funding source to fund the system;

9 (2) the optimum design of a stable, long term funding source;

10 (3) the feasibility of such a stable, long term funding source, in terms of
11 sustainability, equity, and appropriateness; and

12 (4) the feasibility of dedicating revenue from a stable, long term funding
13 source to a dedicated Early Care and Education Fund and the most efficient
14 methods of administering distribution of the Fund In conducting this
15 evaluation, the consultant shall collaborate with Building Bright Futures, the
16 State Treasurer, the Commissioners of Finance, Taxes, and for Children and
17 Families, the Secretary of Education, and any other State entity the consultant
18 deems necessary.

19 (2) The consultant shall collaborate with the Auditor for the purpose of
20 ensuring that the consultant's evaluation includes appropriate requirements for
21 ongoing performance review, accountability, and outcomes tracking.

1 (c) The Treasurer, Auditor, Joint Fiscal Office, and Tax Commissioner
2 shall include input from State or contracted economists and analysts, or both,
3 including an economist or analyst with expertise specifically related to early
4 care and education issues.

5 ~~(d)(1) As part of the report, the Treasurer, Auditor, Joint Fiscal Office,~~
6 ~~Commissioner of Finance, Commissioner of Taxes, and contracted advisors~~
7 ~~shall produce a consensus evaluation of the economic impact of investment in~~
8 ~~high quality, affordable child care for children from birth through five years of~~
9 ~~age through a stable, long-term funding source. The consensus evaluation~~
10 ~~shall include both microeconomic and macroeconomic simulations, looking at~~
11 ~~individual and economywide impacts and responses, and the allocation of such~~
12 ~~impacts across economic sectors, including direct, indirect, and induced~~
13 ~~results.~~

14 ~~(2) Data and tools used to produce the consensus evaluation shall be~~
15 ~~employed, including Moody's Analytics and customized Moody's online~~
16 ~~Vermont models, as well as dynamic and other input and output based~~
17 ~~models, including those from Regional Economic Models, Inc. (REMI),~~
18 ~~Regional Dynamics, Inc. (REDYN), IMPLAN, and other models as advised.~~

19 ~~(3) The consensus consultant's evaluation shall consider take into~~
20 ~~consideration:~~

21 ~~(A)(1) demographic impacts;~~

1 ~~(B)~~(2) workforce impacts;

2 ~~(C)~~(3) warnings, savings, and multiplier effects for:

3 ~~(i)~~(A) parents or guardians;

4 ~~(ii)~~(B) child care providers;

5 ~~(iii)~~(C) early care and education programs;

6 ~~(iv)~~(D) entities providing supplies and services for early care and
7 education programs; and

8 ~~(v)~~(E) children receiving child care as future members of the
9 workforce;

10 ~~(D)~~(4) general business earnings and multipliers stemming from
11 increased workforce participation;

12 ~~(E)~~(5) community development;

13 ~~(F)~~(6) increased tax revenue; and

14 ~~(G)~~(7) social service savings, including:

15 ~~(i)~~(A) health care;

16 ~~(ii)~~(B) education; and

17 ~~(iii)~~(C) corrections.

18 ~~(4) The consensus evaluation shall present findings on:~~

19 ~~(d) On or before January 15, 2023, the consultant shall submit to the House~~

20 ~~Committees on Appropriations and on Human Services and to the Senate~~

21 ~~Committees on Appropriations and Health and Welfare an evaluation that:~~

1 (1) projects the costs of expanding the State’s child care benefit to more
2 families in accordance with this section and requiring commensurate pay for
3 providers and the feasibility of implementing each in Vermont, both separately
4 and jointly;

5 (2) identify and determine the feasibility of implementing a stable, long-
6 term funding source to finance an affordable, high- quality early child care
7 system given child care’s role in postpandemic stimulus and long-term
8 economic development.

9 ~~(A) the efficacy of the infrastructure investment in high-quality,~~
10 ~~affordable early care and education as a short term stimulus to enhance~~
11 ~~Vermont’s economic well being in the immediate aftermath of the COVID-19~~
12 ~~pandemic; and~~

13 ~~(B) the efficacy of the infrastructure investment in high-quality,~~
14 ~~affordable early care and education as a long-term economic development tool~~
15 ~~and, to the extent possible, to quantify long-term return on investments.~~

16 (e) The Secretary of Administration shall be allowed to accept
17 philanthropic contributions to underwrite the cost of hiring economists and
18 analysts to provide expertise specific to early care and education in accordance
19 with this section.

1 (f) In fiscal year 2022, ~~\$300,000.00-\$700,000.00~~ shall be appropriated
2 from the General Fund to the Joint Fiscal Office for the purpose of hiring a
3 consultant pursuant to this section.

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

8 * * * Early Care and Education Governance and Administration

9 ~~Advisory Commission~~ * * *

10 Sec. 11. **RECOMMENDATIONS**; EARLY CARE AND EDUCATION
11 GOVERNANCE AND ADMINISTRATION **ADVISORY**
12 **COMMITTEE**

13 (a) ~~Creation. Purpose. There is created the Early Care and Education~~
14 ~~Governance and Administration Advisory Committee to Building Bright~~
15 ~~Futures’ Early Learning and Development Committee shall~~ advise the
16 Department for Children and Families’ Child Development Division on all
17 services pertaining to child care and early education regulation, including:

18 (1) child care licensing rules, policies, and procedures;

19 (2) administration of the early childhood education system;

20 (3) Child Care Financial Assistance Program rules, policies, procedures,

21 and plans;

- 1 (4) child care provider credentialing and compensation standards;
2 (5) early childhood care and education curricula standards, including
3 antiracist early childhood education practices and standards; and
4 (6) the early care and education governance and administration study
5 pursuant to Sec. 8 of this act.

6 (b) Membership. The membership of the Committee members shall be
7 appointed by Building Bright Futures and shall be composed of adjusted for
8 the purposes of providing the recommendations required by this section to
9 reflect the growing diversity of Vermont’s children and families, including
10 individuals who are Black, Indigenous, and Persons of Color, and to include
11 the following members:

- 12 (1) a parent or caregiver from a large town or city;
13 (2) a parent or caregiver from a rural community;
14 (3) a family child care home provider;
15 (4) a center-based child care and preschool program provider;
16 (5) a Head Start family policy advisory council member;
17 (6) a Head Start early childhood provider or program director;
18 (7) a representative of the Vermont Association for the Education of
19 Young Children;
20 (8) a representative of the Vermont Early Childhood Education Higher
21 Education Consortium;

1 (9) a representative of Vermont’s Parent Child Center Network;

2 (10) a representative of a community child care resource agency;

3 (11) a provider of Children’s Integrated Services;

4 (12) a provider of early childhood special education services;

5 (13) a regional Universal Pre-K Coordinator;

6 (14) a pediatrician; and

7 (15) a community member;

8 (16) a representative of the National Federation of Independent

9 Businesses;

10 (17) a representative of Vermont Businesses for Social Responsibility;

11 (18) a representative of the Vermont Business Roundtable; and

12 (19) any other member that Building Bright Futures deems necessary to
13 complete the work required by this section.

14 (c) Assistance. The Committee shall have the administrative assistance of
15 Building Bright Futures and the technical and legal assistance of the
16 Department for Children and Families’ Child Development Division.

17 (d)(1) Interim report. On or before January 15, 2022, the Committee
18 shall submit an interim written report to the House Committee on Human
19 Services and to the Senate Committee on Health and Welfare a summary of the
20 Committee’s efforts to organize and provide advice to the Department to date.

1 (2) Annual Reports. ~~Annually, on~~ On or before January 15, 2023 and
2 2024, the Committee shall submit a written report to the House Committee on
3 Human Services and to the Senate Committee on Health and Welfare with a
4 summary of its annual activities, findings, and any recommendations for
5 legislative action.

6 (e) Meetings.

7 (1) The Committee will begin the work required by this section on or
8 before September 1, 2021.

9 (2) The Committee shall select a chair from among its members at the
10 first meeting.

11 (3) A majority of the membership shall constitute a quorum.

12 (4) The Committee shall cease to exist on January 15, 2024.

13 (f) Compensation and reimbursement. Members of the Committee
14 shall be entitled to per diem compensation and reimbursement of expenses as
15 permitted under 32 V.S.A. § 1010 for not more than six meetings annually.
16 These payments shall be made from monies appropriated to Building Bright
17 Futures.

18 (g)(1) Appropriation. In fiscal year 2022, \$25,000.00 is appropriated from
19 the General Fund to Building Bright Futures.

20 (2) It is the intent of the General Assembly that \$25,000.00 is
21 appropriated from the General Fund to Building Bright Futures in fiscal year

1 2023 for the purpose of providing the recommendations required by this
2 section.

3 ~~(h)~~(g) Definition. As used in this section, “early care and education”
4 means programming provided at a center-based child care program or family
5 child care home regulated by the Department for Children and Families’ Child
6 Development Division that serves children from birth through five years of
7 age.

8 * * * Effective Dates * * *

9 Sec. 12. EFFECTIVE DATES

10 This act shall take effect on July 1, 2021, except that Sec. 2 (Child Care
11 Financial Assistance Program; eligibility) shall take effect on October 1, 2022.

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(Committee vote: _____)

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Representative _____

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FOR THE COMMITTEE