

**LEGISLATIVE STUDY OF STATE AID TO SUPPORT PUBLIC
LIBRARIES**

Conducted in Accordance with Act 25 of 2007

Prepared by the Joint Fiscal Office and the Legislative Council

For the Vermont General Assembly

January 2008

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Part 1. Study Background - Introduction

1. Authorizing Legislation

NO. 25. AN ACT RELATING TO A LEGISLATIVE INTERIM STUDY COMMITTEE ON PUBLIC LIBRARIES.

(H.99)

It is hereby enacted by the General Assembly of the State of Vermont:
Sec. 1. LEGISLATIVE STAFF STUDY OF LIBRARIES IN OTHER STATES

(a) The joint fiscal office (JFO) and the legislative council (LC) shall identify other states that are comparable to Vermont in terms of population or population density. Once identified, the JFO and LC, in consultation with the Vermont department of libraries and the Vermont library association, shall examine those states regarding:

- (1) The number of public libraries per capita.
- (2) The funding mechanisms for libraries.
- (3) The governance structures of libraries.
- (4) The services provided to libraries from the state library.

(b) After acquiring information regarding libraries in states of comparable population, the JFO and LC shall:

- (1) Determine the number of public libraries operating in Vermont.
- (2) Examine the demand for the services provided by public libraries, including circulation of materials, use of electronic resources, prevalence of literacy programs, and interlibrary loan transactions.
- (3) Examine the current and potential involvement of public libraries in providing adult education.
- (4) Explore the current and potential role of public libraries in connection with workforce training and development.
- (5) Compare the level of state funding provided to public libraries in Vermont to state funding provided to public libraries in states of similar population.
- (6) Identify the additional funding that will be required to meet the growing demand for services from public libraries in Vermont and maintain the quality of their operations.
- (7) Identify those libraries in the state at which existing toilet facilities are not accessible and determine the total cost of making necessary accessibility improvements to them.
- (8) Identify the number of incorporated libraries in the state that do not have the ability to install toilet facilities; explore the implications of providing them with exemptions to existing law to enable installation; and make recommendations to facilitate a solution.

(c) The JFO and LC shall submit a report detailing the results of their study to the general assembly by January 15, 2008.

Approved: May 16, 2007

2. Summary and Conclusion

A. Summary

During the 2007 legislative session, the Vermont Library Association (VLA), the membership organization representing the state's public and academic libraries, sought an appropriation of \$1.6 million for state aid for public libraries. The aid would have been restricted to those public libraries satisfying the minimum state recognition requirements. Each library, based on budgetary and other statistical data, would have received a minimum direct grant of \$1,500.00. The VLA foresaw this as the beginning of annual state aid appropriations.

The VLA testified before several legislative committees that the state's public libraries have maximized their locally available public and private sector funds. Without state financial support, the VLA testified, Vermont's public libraries would be required to reduce, perhaps significantly, the services and materials they provide to Vermont's citizenry. The \$1.6 million figure was determined based on the VLA's representation that it equaled ten percent of the combined budgets of the state's public libraries. According to Table 8A in the National Center for Education Statistics' publication *Public Libraries in the United States: Fiscal Year 2005*, the national average for states' expenditures for local public libraries direct expenses is ten percent. The VLA also noted that unlike many other states, Vermont does not provide direct state aid to its local public libraries. The 10 percent national average represents state expenditures on public libraries and not necessarily direct state aid grants.

The Vermont Department of Libraries (DOL) in its testimony did not support the VLA's appropriation request. Rather, the state librarian testified that the limited dollars available for support of public libraries would be best allocated to services that benefit all public libraries and Vermonters. The broad categories of the services provided and specific examples within the categories include: resource sharing including interlibrary loan services; library-related training, including the public librarian certification program; professional development and consultation services, including orientation for new librarians and trustees; organization of library materials, including cataloguing for local libraries; information and reference services, including the provision of legal and general reference services in paper formats, by phone, and via the World Wide Web; bibliographic support for children's services; statistical services which facilitate Vermont's contribution to both state and national library information reports and databases; allied services, including administration of the public libraries standards program; the board of libraries whose duties include geographic naming duties, information technology which includes consultation with local libraries on technology related projects and problems, and administrative functions, including the distribution and sale of state documents. A DOL-prepared chart listing all services provided, the legal basis for providing the services, and the intended customers for those services is included in Part 4 of this report.

The VLA, in turn, responded that these services, although of value to libraries and the public, do not pay for the direct operational costs of local libraries. After weighing

the testimony both in support of and opposed to a direct state aid appropriation, the General Assembly, due both to budgetary constraints and a desire for additional background, did not appropriate the requested funding. However, in response to the fiscal problems that the VLA cited, the legislature enacted Act 25 directing the Legislative Council and the Joint Fiscal Office, in consultation with both the VLA and the DOL, to examine the administration and financial needs of public libraries in Vermont. Act 25 also called for the collection of information from comparable states on the organization of state public library agencies, the services they provide to public libraries, and the amount and distribution system, if any, of state aid.

The differences between the positions of DOL and the VLA regarding direct state funding for public libraries are not based exclusively on the specific amount of funds that the VLA requested for state aid grants. Both have many common broad policy objectives, but their missions are not identical. The DOL, is charged under 22 V.S.A. § 605 with seven broad duties, including: 1) maintenance of a law library; 2) collecting federal, state (both Vermont and other state's) statutes; 3) providing information and reference services to state government; 4) maintaining "a general library collection of a sufficient size and scope to reinforce and supplement the resources of local and regional libraries" and including the provision of services to other libraries in the state; 5) providing consultative services and advice to all libraries in the state including the provision of "centralized cataloging and related technical services as feasible; 6) maintenance of correctional and other state institutional libraries; and 7) providing reading materials for the blind and physically disabled. Listed first among the department's other duties under 22 V.S.A. § 606 is administering state grants-in-aid from available funds. From the perspective of legislative council and the joint fiscal office, the department is extremely supportive of local public libraries. However, its statutory mission does not include ensuring the viability of public library services in any specific community.

The VLA's role also includes the promotion of library and information services in the state. It is charged with advocating for its membership of individual libraries, library trustees and librarians, as well as for the health and viability of Vermont's libraries. This is a different perspective and mission than that of the DOL.

For over a century, the Vermont General Assembly has recognized the centrality of public libraries in the civic life of the state's municipalities. In 1867, Section 1 of Act 63 provided that "towns may establish and maintain public libraries for the use of the inhabitants thereof." Approximately one quarter-century later, Act 38 of 1894 authorized private corporations to serve as an alternative organizational structure for public libraries in the state. Both of these governance structures remain in place in 2008.

Today, according to DOL, the state leads the nation with the most public libraries per capita with one library for every 3,500 persons. On a geographically based scale, Vermont ranks seventh nationally with respect to the distance to the nearest public library. There is one library for every 52 square miles. But, given the widely varying hours that Vermont's public libraries are open, this statistic does not mean that within a

52-square-mile radius, a public library will be open during normal business hours or any specific hours during a week.

Act 37 of 1894 created the Board of Library Commissioners, the predecessor to today's Board of Libraries. The commissioners, in accordance with Section 8 of the Act, were directed "to make such rules for their own government and for the care of the libraries which may be furnished by the state, as they may deem expedient . . ." Significantly, the Act also created a limited system of state aid to local public libraries. Those municipalities which established a local board of library trustees could, upon a town vote of instruction, seek a \$100.00 grant for the purchase of library books. As preconditions for receiving the grant, a town was required to demonstrate the manner in which it would maintain and distribute the books. There was also a requirement for a minimum annual town appropriation to the library of \$50.00 if the grand list was \$10,000.00 or greater, \$25.00 if the grand list was between \$2,500.00 and \$9,999.00, and \$15.00 for towns whose grand lists fell below \$2,500.00. These provisions, including the original financial levels, are now codified as 22 V.S.A. §§ 631-633.

According to a survey, reported in 2007, of COSLA (Chief Officers of State Library Agencies) that RPA Inc. conducted under a contract for public library organizations in Pennsylvania, approximately 40 state legislatures appropriate funds for direct aid grants to public libraries.

Perhaps, more pertinent to this study, 22 V.S.A. § 634 provides:

§ 634. AID TO FREE PUBLIC LIBRARIES

The state librarian may assist free public or other nonprofit libraries which formulate and implement plans for the systematic and effective coordination of libraries and library services. Grants may be made in accordance with standards of the service, consistent with the Federal Library Services and Construction Act, chapter 16 of Title 20, United States Code as amended.

This section authorizes, but does not require, the state librarian to assist public libraries with support services and financial grants. Historically, the General Assembly has not appropriated money for direct state financial aid grants to local public libraries. Although, on rare occasions, it has appropriated grants for specific one-time capital improvement projects such as the expansion or renovations of public library buildings in Hartland, Reading, and Woodstock.

In researching for this report, the legislative council and the joint fiscal office reviewed state aid for U.S. public libraries and related data that the National Center for Education Statistics' Institute of Education Sciences has published in the documents *Public Libraries in the United States and State Library Agencies*. The document reflects the data for the federal fiscal year 2005. Two other documents, a survey (issued in 2007) of the members of the Chiefs of State Library Agencies that RPA Inc. conducted, under contract, for public library organizations in Pennsylvania, and a

second recent survey report that the staff of the Massachusetts Board of Libraries prepared, were also consulted.

Part 4 of this report includes narrative and data presentations that the DOL has prepared. These materials document the increased use of public libraries and revenue in recent years. However, grants to public libraries, be they from the public or private sector, have decreased precipitously.

The extent of literacy services and adult education offerings in public libraries are addressed in the literacy survey (included as Appendix B of this report) that the Vermont Library Association conducted this past summer. While there are no major immediate statewide initiatives to use Vermont's public libraries in workforce training programs, the potential is certainly present. The reference skills of public librarians, in combination with the prevalence of Internet-connected terminals, make public libraries a valuable tool in workforce development programs. Also, the public meeting facilities in many public libraries would be ideal locations for job training classes. Informal anecdotal evidence that the Director of the St. Johnsbury Athenaeum reported indicated that a sizeable number of patrons were using the library as a job search, although not training, center. No doubt, other librarians could report similar evidence of Vermonters that Vermonters are using their public library services and materials in ways that support workforce development.

Separately, aside from the financing and library use issues, Act 25 also directed that the Legislative Council and Joint Fiscal Office survey the state's public libraries to ascertain the availability of public toilets in the libraries and their accessibility in accordance with standards established in the Americans with Disabilities Act (ADA). Act 25 also directed that an assessment be made of the fiscal cost to install public toilets in those public libraries in which they do not now exist and to increase the number of libraries with toilets that meet ADA standards. The toilet-related issues are examined in Part 3 of this report.

B. Conclusion

It is clear that local libraries serve an important role in our communities, and that they are feeling under financial stress.

The administration and legislature may make the decision to provide state aid for local libraries. If a state aid program is to be established, there would have to be discussion about the appropriate level of funding, the funding source, and a method of distributing the funds.

Part 2. - Multistate Comparative – State Aid Programs

DISCUSSION

For purposes of its financial analysis of public libraries, the legislative council and the joint fiscal office focused on locally or county-based public libraries (both central and branch public libraries). Libraries that operate under the direct governance of a local or county government and private nonprofit libraries that operate as public libraries were within the scope of this study. This mixture of organizational structure exists in many of the states included in this study. The states chosen for comparison with Vermont, for purposes of financing public libraries, were selected based on either geographic proximity to Vermont or similarity in population size.

The geographically close states were defined as the five other New England states. Each of these five states has a considerably larger population than Vermont (622,387). Rhode Island's population (1,073,579) is approximately 2/3 larger than Vermont's. New Hampshire's (1,306,819) and Maine's (1,318,229) are approximately twice as large. Connecticut's population (3,500,701) is approaching seven times Vermont's, and Massachusetts (6,433,367) is over ten times as large. Each of these states, especially Massachusetts and Connecticut, contain U.S. Census Bureau-defined statistical metropolitan areas (SMA) that are far larger than the Burlington SMA.

Each of the comparative population states, including Alaska, Delaware, Montana, North Dakota, South Dakota, and Wyoming, have populations of three quarters of a million or less. In Connecticut and Massachusetts, branch libraries serve a prominent role as part of multi-branch systems that are centered on a region or metropolitan center. Conversely, many of the designated branch libraries in Wyoming function not unlike a local stand alone public library in Vermont.

Local government funds are the primary funding source in each of these states. The table following page 8 shows that the states allocate federal funds in different ways. The methods of reporting by local public libraries, the primary source for state library agencies to prepare the submission of data to the federal government offices that create the national data compilations, are not necessarily uniform or consistent.

The state funds and the state aid appropriations are not identical. Within the state funds category may be included services that benefit all state libraries that are not part of a direct state aid grant program for individual public libraries. It is from this category, and not the state aid category, that the ten percent national average for state support for local public libraries referred to in this report's introduction is derived. The per-capita income amount for each state was calculated by dividing the state's total public library income by its population.

With respect to the state aid category, each state's system of state aid is unique. The programs are not necessarily automatic grants to every public library. Local spending minimums, staffing levels, materials purchasing, or program service requirements are often prerequisites for receiving state aid. Several of the states on the comparative list,

including New Hampshire, South Dakota, and Wyoming, do not offer direct state aid operational grants to public libraries. Not surprisingly, the highest total amount (\$42,757,521) is in Massachusetts, the state with the largest population. The lowest total is the \$358,787 in Maine. The Maine funding is allocated to regional library centers and not directly to local libraries. A perhaps more accurate comparison is the range of per-capita state aid expenditures (derived by dividing an individual state aid appropriation amount by that state's population), with Rhode Island topping the list at \$9.95 and Delaware at the bottom at \$0.27. Were the proposal of the VLA for \$1.6 million in state aid approved, the per-capita amount in Vermont would equal \$2.57.

PUBLIC LIBRARY INCOME INFORMATION - FEDERAL FISCAL YEAR 2005

	Population	Public Libraries Central	Public Libraries Branch	Local Funds	State Funds	Federal Funds	Other Income (Interest, Fund Raising, etc....)	Total Income	Per Capita Income	State Aid Approp.	Per Capita State Aid	Aid to Central Libraries	Aid to Branch Libraries
ALASKA	663,253	89	17	\$21,974,899	\$703,236	\$886,027	\$1,279,181	\$24,843,343	\$37.46	\$891,400	\$1.34	\$10,011.00	\$8,405.00
CONNECTICUT	3,500,701	194	50	\$133,578,428	\$1,320,963	\$583,341	\$24,810,640	\$160,293,372	\$45.79	\$4,823,137	\$1.38	\$24,860	\$19,766
DELAWARE	841,741	19	14	\$17,905,439	\$3,058,892	\$94,580	\$2,119,930	\$23,178,841	\$27.54	\$3,369,500	\$4.00	\$160,476	\$96,285
MAINE	1,318,220	272	6	\$24,690,929	\$183,723	\$10,953	\$8,490,974	\$33,376,579	\$25.32	\$358,787	\$0.27	\$1,319	\$1,291
MASSACHUSETTS	6,433,367	370	113	\$196,951,546	\$7,510,764	\$4,294,277	\$18,487,555	\$227,244,142	\$35.32	\$42,757,521	\$6.65	\$115,562	\$88,525
MONTANA	934,737	79	30	\$16,482,120	\$308,155	\$24,832	\$1,959,604	\$18,774,711	\$20.09	\$644,553	\$0.69	\$8,614	\$5,917
NEW HAMPSHIRE	1,306,819	230	7	\$41,111,851	\$21,803	\$5,836	\$3,349,518	\$44,489,008	\$34.04	\$0	\$0.00	\$0	\$0
NORTH DAKOTA	634,605	82	9	\$8,541,338	\$350,207	\$3,688	\$1,496,241	\$10,391,474	\$16.37	\$422,153	\$0.67	\$5,084	\$4,637
RHODE ISLAND	1,073,579	49	24	\$27,746,582	\$8,046,427	\$279,677	\$7,452,092	\$43,524,778	\$40.54	\$10,360,778	\$9.65	\$211,448	\$141,931
SOUTH DAKOTA	774,883	124	20	\$17,696,698	\$19,531	\$63,319	\$804,800	\$18,584,348	\$23.98	\$0	\$0.00	\$17,697,000	\$805,000
VERMONT	622,387	181	4	\$12,079,297	\$15,463	\$0	\$4,519,499	\$16,614,259	\$26.69	\$0	\$0.00	\$0	\$0
VLA Proposal	622,387							\$18,214,259		\$1,600,000	\$2.57		
WYOMING	508,798	23	51	\$19,628,011	\$8,194	\$64,290	\$1,031,914	\$20,732,409	\$40.75	\$0	\$0.00	\$0	\$0

Source:

Population data - U.S.Census Bureau, July 1, 2005

Revenue and State Aid to Libraries data - U.S. Dept of Education, National Center for Education Studies, State Library Agencies (SLA) Survey, federal fiscal year 2005.

Revenue and State Aid to Libraries data - U.S. Dept of Education, National Center for Education Studies, Public Libraries in the United States, federal fiscal year 2005.

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**Legislative Council and Joint Fiscal Office
Staff Report
on**

**Innovative Funding Options for
Vermont Child Care**

Pursuant to Sec. 22 of No. 30 of the Acts of 2007

November 1, 2007

Legislative Council
State House
115 State Street
Montpelier, VT 05633-5301
(802) 828-2231
www.leg.state.vt.us

Innovative Funding Options for Vermont Child Care
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The Charge to Staff

No. 30 of the Acts of 2007 of the General Assembly included a section that read as follows:

Sec. 22. CHILD CARE REPORT

(a) No later than November 1, 2007, the department for children and families shall report to the house committees on human services and on appropriations and the senate committees on health and welfare and on appropriations with an estimate of the funding needed to bring income eligibility guidelines to current levels; an estimate of the funding needed to bring Vermont into compliance with federal guidelines, suggesting that subsidies should be at least 75 percent of the market rate; an assessment of the positive and negative outcomes from modifying the current statewide subsidy rate to differential rates based on the market rate for the area; and an analysis of possible inflation factors with a recommendation on which factors to use once target funding levels have been met.

(b) No later than November 1, 2007, the legislative council and joint fiscal office shall provide a summary of innovative ideas from other states for funding investments in quality child care and of any available cost-benefit analyses of such investments.

A. Overview

Subsection 22(b) of No. 30 of 2007 requires legislative council and the joint fiscal office to provide a summary of innovative ideas from other states for funding investments in quality child care. Prior to summarizing the innovative ideas required by No. 30, this report summarizes the child services program in Vermont. The report concludes with a listing of innovative ideas from other states for funding quality child care in the state.

B. Current Funding for Child Care in Vermont

1. Federal Funding

The Child Care and Development Fund (CCDF) is the primary federal program specifically devoted to child care services and quality. The CCDF allows states to use federal funds for child care services for low income parents and parents receiving Temporary Assistance for Needy Families (TANF). Funds may also be used for children in protective services. In addition, a state must use a portion of the CCDF funds it receives to enhance child care quality and availability.¹

Of the CCDF funds received by a state, 70 percent of the mandatory and matching funds must be spent on families receiving TANF, transitioning from TANF, or at risk of becoming eligible for TANF. States must spend no more than 5 percent of their CCDF funds—discretionary, mandatory, and state and federal share of the matching funds—on administration.²

2. State Funding

In fiscal year 2007, the state of Vermont spent a total of \$39.5 million on child-care related expenses. Of this \$39.5 million, an estimated \$23.7 are federal funds and \$15.8 million are state funds. There are five sources of federal funds used to support

¹ U.S. Dep't. of Health & Human Services, Administration for Children and Families, *Overview of the Child Care Development Fund: (Fiscal Years 2006 & 2007)* [hereinafter *ACF CCDF Overview*], available at http://www.acf.hhs.gov/programs/ccb/ccdf/ccdf06_07desc.htm (last visited October 4, 2007).

² *Id.*

child care in Vermont: the Child Care Development Fund (CCDF), Temporary Assistance for Needy Families (TANF), and Title IVE, Title IV-B, and the Social Services Block Grant. The state appropriations are general fund dollars.

The type of expenditures included in the \$39.5 million are for: the fee scale program; child care for the children of people receiving TANF benefits; child care for children under protective services or who are at risk of abuse or neglect; child care for children of incapacitated parents; funds to transport children to child care; quality enhancements, including incentives, to encourage providers to upgrade their credentials; and grants to expand the capacity of the child care system including additional infant/toddler and after school programs.

C. Child Care Services Program in Vermont

1. Income Eligibility

Federal eligibility for CCDF is restricted to children from families who are working or attending education/training and making a maximum of 85 percent of the state's median income (SMI).³ States have the option to set more restrictive criteria, such as lowering income thresholds or only serving children with parents who are working. In addition, federal law requires the state to develop a plan for use of the CCDF funds.⁴ The plan must be updated every two years and must establish, by rule, a sliding fee scale that provides for cost sharing by the families that receive child care services for which assistance is provided under this subchapter.⁵

The Child Development Division at the Department for Children and Families is the lead agency for the child care subsidy in Vermont. The Child Development Division implements the child care subsidy under a statutorily created child care services

³ 45 C.F.R. § 98.20.

⁴ 42 U.S.C. § 9858c.

⁵ Id.

program.⁶ The child care services program was established “to subsidize, to the extent that funds permit, the costs of child care for families that need child care services in order to obtain employment, to retain employment, or to obtain training leading to employment.”⁷ The Child Development Division, as required by federal law, issues the child care subsidy on a sliding scale based on income and family size. The scale is set by rule by the Commissioner for Children and Families.

Under state statute, the lower limit of the scale shall include families whose gross income is up to and including 100 percent of the federal poverty guidelines. The upper income limit of the fee scale shall be neither less than 80 percent nor more than 100 percent of the state median income adjusted for the size of the family. Currently, the upper income limit for state eligibility is 82.5 percent of state median income. However, the income limit can be much lower. For example, the income eligibility limit for a family of three in 2007 was \$31,032.00, which is 51 percent of state median income. The table of the state’s income eligibility requirements is included in Appendix A of this report.

In addition, Vermont’s income eligibility criteria are based on census data from 1999. Updated information is available that would allow the state to reset income eligibility to reflect more accurately those with a need for the program. However, updating the income eligibility requirements to a more current standard will require additional funding for the program. Depending on the data used to update the standards, approximately \$6 million additional annual funds would be required.⁸

Vermont’s efforts to serve families up to 82.5 percent of state median income also set it apart from many other states, which set the upper limit for eligibility much lower. For example, except in situations when a child or parent has a disability, a family seeking early education financial assistance in Massachusetts must have a gross monthly income at or below 50 percent of state median income at the time of enrollment in the program.⁹

⁶ See 33 V.S.A. § 3512.

⁷ Id.

⁸ Interview with Deputy Commissioner Kim Keiser, Vermont Child Development Division (Oct. 1, 2007).

⁹ Massachusetts Department of Early Education and Care, Financial Assistance Policy Guide (July 17, 2007), available at <http://www.eec.state.ma.us/docs/PolicyGuideFINAL.pdf>.

Similarly, Vermont serves all families that meet income eligibility regardless of whether the family is receiving Temporary Assistance for Needy Families (TANF). In fiscal year 2005, only 17 percent of the families that received child care assistance in Vermont were receiving TANF benefits.¹⁰ In contrast, many states provide most of their assistance to families that receive TANF. For example, in fiscal year 2005, 71 percent of the families that received child care assistance in Connecticut received TANF.¹¹ However, over 70 percent of the families in the child care subsidy program in Vermont once received TANF and are transitioning or have transitioned off TANF.

2. Reimbursement Rate to Child Care Providers

States receiving CCDF funds set the rates that they will pay to reimburse child care providers. Under federal statute, the state plan is required to provide payment rates for child care services that are sufficient to ensure access for eligible children to comparable child care services that are provided to children whose parents are not eligible to receive assistance.¹² Federal regulations recommend, but do not require, that payment rates of 75% of the market would be considered providing equal access to eligible parents.¹³

In Vermont, state statute requires the Commissioner for Children and Families to establish a payment schedule for purposes of reimbursing providers for full- or part-time child care services rendered to families who participate in the child care services program.¹⁴ In contrast to the federal recommendation that reimbursement rates for child care services be equal to 75% of the market, the statewide average in Vermont is between 50 and 55% of the market rate.¹⁵ The rate varies by region, with some regions, such as

¹⁰ U.S. Dep't. of Health & Human Services, Administration for Children and Families, Child Care Bureau, FFY 2005 CCDF Data Table, Table 16, Child Care and Development Fund, *Average Monthly Percent of Families Receiving TANF*, at http://www.acf.hhs.gov/programs/ccb/data/ccdf_data/05acf800/table16.htm (last visited Oct. 29, 2007).

¹¹ *Id.*; see also New York (39% of participants received TANF); Michigan (45% received TANF); South Carolina (46% received TANF); Tennessee (62% received TANF); Oregon (33% received TANF). *Id.*

¹² 42 U.S.C. § 9858c; see also 45 C.F.R. § 98.43.

¹³ See Child Care and Development Fund, 63 Fed. Reg. 39,936, 39,959 (July 24, 1998) (“In establishing payment rates we suggest a benchmark for States to consider. Payments established at least at the 75th percentile of the market would be regarded as providing equal access.”).

¹⁴ 33 V.S.A. § 3514.

¹⁵ Interview with Deputy Commissioner Kim Keiser, Vermont Child Development Division (Oct. 1, 2007).

Newport, meeting or approaching the 75% reimbursement rate, but other regions, such as Burlington, fall to 40% of the market rate. The a table of the reimbursement rates is included in Appendix B. If the General Assembly chose to require 75% reimbursement across the state, approximately \$10 to 11 million in additional funds would be needed annually to support the state's child care assistance program.¹⁶

D. Innovative Child Care Funding in Other States

1. Private/Public Partnerships

Several states have enacted early childhood care initiatives based on partnerships between the state and private entities. North Carolina launched its private/public early childhood care initiative, known as the Smart Start Initiative, in 1993. Smart Start was launched to improve what the state categorized as the worst quality child care in the country.¹⁷ The goal of the program is to improve overall child care within the state and to assure that all children are healthy and prepared to learn when they begin school.

Smart Start operates by providing early education funding to each of the state's 100 counties. Smart Start funds are administered at the local level by 78 local nonprofit organizations called local partnerships, which are managed by a statewide nonprofit organization that provides oversight and technical assistance. Services at the local level range depending on local needs, but the local partnerships are required to spend 70 percent of all Smart Start funds to improve the quality of child care. Of that amount, 30 percent is required to make child care affordable to working families. The remaining funds may be used for child care or for children's health and family support services. Administration costs are capped at 8% of funds received.¹⁸

Smart Start is required to raise \$1.00 in private money for every \$10.00 it receives from the state. Since 1995, more than \$257 million in donations have been invested in

¹⁶ Id.

¹⁷ North Carolina Partnership for Children, *What is Smart Start*, at <http://www.ncsmartstart.org/about/whatissmartstart.htm> (last visited Nov. 1, 2007).

¹⁸ Id.; North Carolina Partnership for Children, *About Smart Start: Funding*, at <http://www.ncsmartstart.org/about/funding.htm> (last visited Oct. 31, 2007).

Smart Start. When Smart Start began in 1993, the state appropriated \$20 million to initiate the program. As Smart Start was successful and as it expanded to all of the state's counties, the state appropriations increased substantially. In fiscal year 2006, the state of North Carolina provided approximately \$200 million to the Smart Start Initiative.¹⁹

Several states, including Vermont, have developed initiatives similar to the Smart Start model.²⁰ In Vermont, the private/public education initiative is called Building Bright Futures (BBF). BBF began in 2002 when Vermont received a grant from the North Carolina Technical Assistance Center to explore whether the North Carolina Smart Start Initiative would work in Vermont.²¹ This strategic planning process resulted in Vermont's Early Childhood System Plan. The plan called for the creation of BBF and, as in North Carolina, for the goal of ensuring that children beginning school in Vermont are healthy and ready for education.²²

As part of its charge, BBF has been established as a public/private entity with one of its responsibilities being to pursue fundraising opportunities in the private sector. The infrastructure pieces for BBF are just now coming together, including the hiring of a state director and regional directors for each of 12 regional councils. The long-term success or failure of BBF will depend largely on the infrastructure to support local work in the community. If dependable local organization or partners exists, state and regional directors will be able to build relationships with their respective business and philanthropic partners. To help foster the creation of such partnerships and to infuse BBF

¹⁹ North Carolina Partnership for Children, *About Smart Start: Funding*, at <http://www.ncsmartstart.org/about/funding.htm> (last visited Oct. 31, 2007); North Carolina Partnership for Children, *About Smart Start: History*, at <http://www.ncsmartstart.org/about/history.htm> (last visited Oct. 31, 2007).

²⁰ North Carolina Partnership for Children, *What Is Smart Start*, at <http://www.ncsmartstart.org/about/whatissmartstart.htm> (last visited Oct. 31, 2007); North Carolina Partnership for Children, *About Smart Start: Funding*, at <http://www.ncsmartstart.org/about/funding.htm> (last visited Oct. 31, 2007) (states with public private partnerships include: Arizona, Alabama, California, Colorado, Georgia, Iowa, Kansas, Massachusetts, Michigan, Oklahoma, South Carolina, Vermont, Virginia, and Washington State); see also *Washington State Thrive by Five Early Learning Educational Fund*, at <http://www.thrivebyfivewa.org/funding.aspx> (last visited October 31, 2007).

²¹ *What is Building Bright Futures?: Overview*, at <http://www.buildingbrightfutures.org/index.html> (last visited Oct. 31, 2007); *What is Building Bright Futures: Building Bright Futures Early Childhood Education Plan*, at <http://www.buildingbrightfutures.org/systemplan.html> (last visited Oct. 31, 2007).

²² *Id.*

with needed funds, the General Assembly or the Administration could challenge the private sector to raise funds that will be matched by the state, up to a specified level.²³

2. Illinois Early Child Care Set-Aside

The Illinois Early Childhood Education Block Grant (ECBG) is an example of how states can set aside funds for infant and toddler child care from a preschool funding stream. The Illinois General Assembly established the ECBG in 1997 when it required the Illinois Board of Education to award state education funds to school districts through two block grants.²⁴ One of the block grants—the ECBG—combined all previous state education funding for preschool-aged children into one fund to be distributed on a competitive basis as grants. A broad range of entities is allowed to apply for ECBG grants, including Head Start programs, child care providers, and family and parenting programs.²⁵ The legislation also required 11% of all ECBG grants to be used to fund programs for children aged 0-3.²⁶

In 2006, \$273 million was allocated to the ECBG, with \$30 million set aside for children aged 0-3.²⁷ Most of the grants go to school districts, but varying programs receive funds, including child care centers, family child care homes, stay-at-home parents, and community agencies. The average grant awarded to a local program was \$140,000.00. The ECBG set-aside also requires a services plan to be created and implemented for every enrolled child in need, and the program collects information on the status of funded programs.

²³ See e-mail correspondence with Deputy Commissioner Kim Keiser, Vermont Child Development Division (Oct. 8, 2007) (on file with Legislative Council).

²⁴ 105 ILCS 5/1C-2. See also Center for Law & Social Policy, Illinois Infant Toddler Set-Aside, available at <http://www.clasp.org/ChildCareAndEarlyEducation/map030707il.htm> (last visited Oct. 25, 2007).

²⁵ *The Ounce of Prevention Fund*, at http://buildinitiative.org/pdf/Infant_Toddler_setaside.pdf (last visited Oct. 25, 2007).

²⁶ 105 ILCS 5/1C-2. See also Center for Law & Social Policy, Illinois Infant Toddler Set-Aside, available at <http://www.clasp.org/ChildCareAndEarlyEducation/map030707il.htm> (last visited Oct. 25, 2007). The original set-aside enacted in 1997 was 8%. The Illinois General Assembly increased the set-aside to 11% in 2004.

²⁷ Center for Law & Social Policy, Illinois Infant Toddler Set-Aside, available at <http://www.clasp.org/ChildCareAndEarlyEducation/map030707il.htm> (last visited Oct. 25, 2007).

3. At-Home Infant Care Programs

Several states, including Minnesota, Montana, and New Mexico, have explored the use of At-Home Infant Care (AHIC) subsidies as a means of providing assistance while simultaneously reducing demand for child care services.²⁸ Under an AHIC program, an eligible participant receives a child care assistance subsidy to stay at home with an infant or toddler. Because infant and toddler care is often hard to find and expensive, an AHIC program reduces demand for infant and toddler child care.

AHIC programs can also reduce costs of assistance by limiting the AHIC subsidy to a percentage of the normal child care subsidy received by an eligible participant. For example, the maximum rate of assistance for participants in the Minnesota AHIC program is 90% of the state's maximum rate paid to a licensed family care provider for full-time care of an infant or toddler.²⁹ AHIC programs have limitations since a participant must have sufficient financial support from a spouse or family that allows for one parent to stay at home. In many states, participants in child care assistance programs are one-parent families and, thus, lack the ability to participate in an AHIC program.

4. Paid Family Leave/Disability Insurance

At least two states have amended their temporary disability statutes to provide paid leave to parents of newborns. California adopted a paid Family Care Leave program in 2002, which provides up to six weeks of insurance-paid leave for a parent to bond with a new child.³⁰ Unless otherwise exempt, all employees are eligible if they earn \$300.00 in 12 months. Participants receive 55% of their pay, up to a maximum of \$882.00 a week.³¹

Unlike the unpaid family leave program that exists under the California Family Rights Act, all employers are covered by the California Family Care Leave program, not just those with 50 or more employees. However, also unlike the unpaid family leave program, businesses with under 50 employees are not required to hold a job for a worker

²⁸ National Partnership for Women & Families, *At-Home Infant Care (AHIC): A Side-by-Side Comparison of Federal and State Initiatives* (Oct. 2005), available at <http://www.nationalpartnership.org/site/DocServer/AHICchartOct05.pdf?docID=1048>.

²⁹ Minn. Stat. § 119B.035.

³⁰ Cal. Unemployment Insurance Code § 3301.

³¹ Id. at § 2655.

who goes on paid family leave.³² Consequently, some employees risk losing their jobs when they take leave.

In April 2007, Washington State enacted S.B. 5659, which provides paid family medical leave to bond with a new child.³³ All employees are eligible after working 680 hours in the 12 previous months.³⁴ A participant receives coverage for a maximum of 5 weeks. The weekly benefit shall be \$250.00 per week for an individual who at the time of beginning family leave was regularly working 35 hours or more per week.³⁵

5. Municipal Impact Fees

Some states have authorized municipalities to assess impact fees on development that may increase the need for child care development within that municipality. For example, the City of San Francisco adopted an ordinance in 1986 that allows the imposition of an impact fee on the development of any office or hotel of more than 50,000 gross square feet, unless specifically exempt. All of the funds collected under the child care impact fee ordinance are deposited into a child care capital fund. Monies in the funds are to be used solely to increase and or improve the supply of child care facilities affordable to low and moderate income households.³⁶

Municipal impact fees must be authorized by state statute. The California impact fee statute is somewhat unique in that it does not specify the type of infrastructure for which the fee may be used.³⁷ Instead, the fee must be intended to defray all or a portion of the cost of public facilities related to the development project.³⁸ "Public facilities" includes public improvements, public services, and community amenities.³⁹ In addition, there must be a reasonable relationship between the fee's use and the type of

³² See U.S. Dep't. of Labor Employment Standard Administration Wage & Hour Division, *Federal vs. California Family and Medical Leave Laws*, at <http://www.dol.gov/esa/programs/whd/state/fmla/ca.htm>.

³³ Washington State Senate Bill 5659, available at <http://www.leg.wa.gov/pub/billinfo/2007-08/Pdf/Bills/Senate%20Passed%20Legislature/5659-S2.PL.pdf>.

³⁴ Id.

³⁵ Id.

³⁶ See San Francisco, Cal., Planning Code § 314.2 (1987) (discussed in Note, Child Care Land Use Ordinances, 135 U.Pa.L.Rev. 1591 (1987)).

³⁷ Cal. Gov't.Code § 66000(b).

³⁸ Id.

³⁹ Id. at 66000(d).

development it is assessed against.⁴⁰ Thus, San Francisco and other California municipalities may assess a child care development fee against any development that would reasonably contribute to the demands for more child care infrastructure and services. Public service and community amenities could be construed to include child care infrastructure and services.

Vermont adopted an impact-fee-enabling act in 1987.⁴¹ Unlike California, the Vermont statute is limited to allowing municipalities to require new developments to pay their proportionate share of municipal and school capital projects.⁴² As in California, the statute is somewhat broad in that it does not define what constitutes a “school capital project.” A “capital project” is defined as: “(A) any physical betterment or improvement, including furnishings, machinery, apparatus, or equipment for such physical betterment or improvement; (B) any preliminary studies and surveys relating to any physical betterment or improvement; (C) land or rights in land; or (D) any combination of these.”⁴³ The act does not authorize operational or personnel expenses. Thus, child care services could not be funded with an impact fee, but the capital construction of child care facilities or the physical betterment arguably could be funded with development fees. However, a statutory amendment clarifying that impact fees could be used for child care facilities would be advisable prior to municipal use of impact fees for child care.

6. Pennsylvania Accountability Block Grant

Pennsylvania initiated an Accountability Block Grant Program in 2004–2005 by making \$200 million available to school districts to support programs proven to improve educational achievement of students.⁴⁴ Three of the proven program options are focused on early childhood. Specifically, school districts may use block grant funds to establish, maintain, or expand programs that provide: (1) Quality pre-kindergarten; (2) full-day

⁴⁰ Id. at 66001.

⁴¹ Act No. 200 (Adj. Sess. 1987) (codified at 24 V.S.A. §§ 5200-5206).

⁴² 24 V.S.A. § 5200.

⁴³ 24 V.S.A. § 5201(2).

⁴⁴ Pennsylvania Department of Education, *Funding Resources Available Through the Pennsylvania Department of Education, Pennsylvania Accountability Block Grant Program*, at http://www.pde.state.pa.us/early_childhood/cwp/view.asp?a=179&q=101636.

kindergarten programs; and/or (3) reduced class size in the early grades, kindergarten through third grade. Under the guidelines for the Accountability Block Grant, pre-kindergarten programs are encouraged to coordinate with local childcare programs to ensure that families have access to quality before- and after-school child care.⁴⁵ Additionally, quality child care providers can offer pre-kindergarten programs at their site and can serve as implementation partners for a school district's pre-kindergarten program.

7. Tax Incentives for Child Care

a. Tax Credit for Employers that Provide Child Care to Employees

Over 20 states offer a state tax credit to employers that provide dependant care assistance to employees.⁴⁶ For example, Oregon provides employers with a tax credit if they contract with a third-party child care provider to offer child care services to employees. A credit is also allowed if the employer pays for an employee's child care services. A credit is also allowed if the employer issues an employee a voucher of subsidy for child care services.⁴⁷

Texas offers a day care tax credit for an employer's expenditure related to the establishment or operation of a day care center primarily to provide care for the children of employees. The Texas credit is also available for employers that purchase child care services that are provided to the children of employees at day care centers or registered family homes. The maximum credit allowed in Texas is \$50,000.00.⁴⁸

In October 2007, Illinois reauthorized a tax credit for businesses that provide child care for their employees. The businesses are authorized to take a credit against state taxes of up to 30% of the start-up costs of a child care facility. Start-up costs mean the

⁴⁵ Starting at Three, *Pennsylvania State Preschool Program*, at http://www.startingat3.org/state_laws/statelawsPAdetail.html (last visited Oct. 3, 2007); see also *Accountability Block Grant Program*, at http://www.pde.state.pa.us/svcs_students/cwp/view.asp?a=175&q=111226.

⁴⁶ See Oregon Employment Department, Child Care Division, *Tax Credits: Dependant Care Tax Credit*, at <http://www.oregon.gov/EMPLOY/CCD/taxcredits.shtml> (last visited No. 1, 2007).

⁴⁷ *Id.*

⁴⁸ 34 Texas Admin. Code part 1, ch. 3, Rule 3.579.

planning, site preparation, construction, renovation, or acquisition of a child care facility.⁴⁹

The Pennsylvania General Assembly is currently addressing a bill, S.B. 532, which would authorize a tax credit for a business that that operates its own child care program. The amount of the tax credit available to a business that operates its own not-for-profit child care program would be equal to 100% of the net costs expended for the operation and maintenance of the child care program. If the business does not operate its own program, but contributes to a child care program that provides services to its employees, the business could take a credit of up to 100% of the child care contributions made for its employees.⁵⁰

b. Louisiana Quality-Based Tax Credits

In July 2007, the Louisiana General Assembly enacted Act 394, entitled the School Readiness Tax Credit, which provides various tax credits to parents, child care providers, and child care staff as an incentive to increase quality day care in the state.⁵¹ Under the act, a credit is established against the state income tax of a parent for child care expenses. The percentage of the credit allowed is based on the quality rating of the child care facility. For example, parents that enroll their children at a two-star child care facility are allowed a credit of 50% of child care expenses, but a parent that enroll children in a five-star child care facility are eligible for a credit of 200% of the child care expenses.⁵²

Businesses that provide or support child care could also receive a tax credit. Businesses that provide care at five-star facilities receive a 20% credit for eligible expenses. Businesses that provide care at a two-star facility receive a 5% credit for eligible expenses. Eligible expenses include construction and repair costs up to

⁴⁹ Illinois General Assembly Public Act 095-0648, *available at* <http://www.ilga.gov/legislation/publicacts/fulltext.asp?name=095-0648&write=pa>; *see also* 35 I.L.C.S. 5/210.5.

⁵⁰ Pennsylvania General Assembly, *S.B. 532*, *at* <http://www.legis.state.pa.us/CFDOCS/Legis/PN/Public/btCheck.cfm?txtType=HTM&sessYr=2007&sessInId=0&billBody=S&billTyp=B&billNbr=0532&pn=0576> (last visited Nov. 4, 2007).

⁵¹ Louisiana State Legislature, *Act 394*, *at* <http://www.legis.state.la.us/home.htm> (last visited Nov. 2, 2007).

⁵² 47 L.R.S. § 6104.

\$50,000.00 per year, payments to a child care facility of up to \$5,000.00 per child, and the purchase of child care slots at eligible facilities of up to \$50,000.00 per year.⁵³

Act 394 also created a similar tax credit for child care providers. Five-star child care providers can qualify for a tax credit of \$1,500.00 per child receiving assistance from the state. In contrast, two-star child care providers can qualify for a \$750.00 tax credit per child receiving assistance. Individual staff at child care facilities would also be allowed a tax credit. Staff at a five-star facility qualify for a \$3,000.00 tax credit against individual income tax. Staff at a two-star facility would only qualify for a \$2,000.00 credit against individual income tax.⁵⁴

8. State Lotteries

Several states use the revenues from state lotteries to support child care services.⁵⁵ For example, Georgia uses lottery dollars to fund its pre-K programs.⁵⁶ The Georgia Lottery for Education supports a universal pre-kindergarten system and covers a variety of program expenses, including staff, materials, equipment, and in-service training.⁵⁷ To date, more than \$1.8 billion has been appropriated.⁵⁸ The Office of School Readiness in Georgia, an independent agency, administers the program.⁵⁹

9. Excise Taxes

Some states have implemented or explored the use of excise taxes on certain products to pay for child care programs. For example, the Arkansas General Assembly passed a 3% excise tax on beer in 2001 to help fund its Arkansas Better Chance (ABC) child care program for low income families.⁶⁰ The beer tax is estimated to raise approximately \$9.6

⁵³ Id. at § 6107.

⁵⁴ Id. at § 6106.

⁵⁵ See also North Carolina and Tennessee.

⁵⁶ 50 Ga. Code §§ 50-27-1 to 50-27-34.

⁵⁷ Steffanie Clothier, Beth Clemens & Julie Poppe, National Conference of State Legislatures, Funding and Policy Choices in a Changing Fiscal Environment (July 2003), available at <http://www.ncsl.org/legis/cyf/ccfinance.pdf>, citing Anne Mitchell, Louise Stoney & Harriet Dichter, *Financing Child Care in the United States: An Expanded Catalog of Current Strategies* 50 (2001).

⁵⁸ Id., citing *Georgia Lottery*, at <http://www.galottery.com/lottery/usesofp.htm>.

⁵⁹ Clothier, et al, Op cit.

⁶⁰ Arkansas Better Chance Program, An Overview of Public Pre-K in Arkansas (Aug. 1, 2005), available at <http://www.arkansas.gov/childcare/ABCPresentation-ASUECConfSumm05.ppt#256,1,Slide 1>.

million a year.⁶¹ In addition to the beer tax, the ABC program receives substantial additional funding from the Arkansas General Assembly, and operates with an annual budget of approximately \$70 million.⁶² Some states have explored similar taxes on other products such as junk food or soda to pay for child care services.⁶³

10. Gaming Fees

In 1998, Missouri House Bill 1519 established the Early Childhood Development, Education, and Care Fund from a percentage of riverboat gaming fees.⁶⁴ This legislation set aside funding to increase the capacity of, and access to, quality early childhood programs for all Missouri families. The funds are distributed through grant programs, certificates for families, and an increase in state child care subsidies for child care programs accredited by a recognized accrediting organization

11. Additional Alternative Funding Sources

a. Arizona Early Childhood Development and Health Initiative

In 2006, Arizona voters approved Proposition 203 (2006), entitled the Arizona Early Childhood Development and Health Initiative.⁶⁵ It establishes an Early Childhood Development and Health Fund, consisting of revenues generated by an increase in the state tax on tobacco products, including an \$0.80 cent tax on cigarettes.⁶⁶ In fiscal year

⁶¹ BNET Research Center, *Arkansas Boosts Beer Tax to Pay for Programs*, at http://findarticles.com/p/articles/mi_m3469/is_17_52/ai_74942300 (Apr. 22, 2001).

⁶² Arkansas Better Chance Program, *An Overview of Public Pre-K in Arkansas* (Aug. 1, 2005), available at <http://www.arkansas.gov/childcare/ABCPresentation-ASUECConfSumm05.ppt#256,1,Slide 1>

⁶³ See, e.g., California Senate Bill 1520 (2002) (tax on junk food for obesity prevention in children), available at http://www.leginfo.ca.gov/pub/01-02/bill/sen/sb_1501-1550/sb_1520_bill_20020220_introduced.pdf.

⁶⁴ Missouri Department of Social Services, *Early Childhood Grants and Resources*, at <http://www.dss.mo.gov/cd/early/> (last visited Oct. 29, 2007).

⁶⁵ See Arizona Office of the Secretary of State, 2006 Ballot Measures, *An Initiative Measure, Arizona Early Childhood Development and Health Initiative*, at [http://www.azsos.gov/election/2006/General/BallotMeasureText/PROP203\(1-16-2006\).pdf](http://www.azsos.gov/election/2006/General/BallotMeasureText/PROP203(1-16-2006).pdf) (last visited Oct. 3, 2007).

⁶⁶ Id., see also *Arizona Early Childhood Development Health Board*, at <http://www.azleg.gov/jlbc/08recbk/ecdb.pdf> (last visited Oct. 31, 2007).

2007, the tax generated an estimated \$109,814,700.00 for use by the Early Childhood Development and Health Fund.⁶⁷

The Arizona Early Childhood Development and Health Initiative provides funds for early childhood development and health services for children aged 5 and under, including early childhood development programs, parent and family support programs, provider professional development, and preventive health care and health screenings. Funding will be distributed based on the population of children aged 5 and under, the number of families with incomes less than 100 percent of federal poverty, and other considerations. It also establishes a board appointed by the Governor, with the consent of the State Senate, that will distribute funding in collaboration with regional partnerships throughout the state.⁶⁸

b. Nebraska Constitutional Amendment 5

In 2006, Nebraska citizens and the Nebraska legislature approved an amendment to the state's constitution that permitted the use of education funds dedicated for usage by public schools, known in Nebraska's common schools, to be used for early childhood education, including for children from birth to kindergarten age.⁶⁹ The amendment creates an early childhood education endowment fund and allocates \$40 million of perpetual school funds to the endowment fund. It requires private funding of \$20 million to be committed by 2011, and it only permits interest or income to be used for early childhood education programs.⁷⁰

⁶⁷ *Arizona Early Childhood Development Health Board*, at <http://www.azleg.gov/jlbc/08recbk/ecdb.pdf> (last visited Oct. 31, 2007).

⁶⁸ See e-mail from Julie Poppe, National Conference of State Legislatures, to Michael O'Grady, Vermont Legislative Council, regarding Child Care Policy Information (Oct. 26, 2007) (on file with Vermont Legislative Council); see also Arizona Office of the Secretary of State, *2006 Ballot Measures, An Initiative Measure, Arizona Early Childhood Development and Health Initiative*, at [http://www.azsos.gov/election/2006/General/BallotMeasureText/PROP203\(I-16-2006\).pdf](http://www.azsos.gov/election/2006/General/BallotMeasureText/PROP203(I-16-2006).pdf) (last visited Oct. 3, 2007).

⁶⁹ See Nebraska Constitution Art. VII, Secs. 7-9; see also Nebraska LB 1006 (2006), available at http://srvwww.unicam.state.ne.us/XCVIII/intro/INTRO_LB1006.pdf (last visited Oct. 29, 2007); National Conference of State Legislatures, *Highlights of Early Care and Education Funding Increases in 2006*, at <http://www.ncsl.org/programs/cyf/earlycareedu1106.htm> (last visited Nov. 1, 2007).

⁷⁰ National Conference of State Legislatures, *Highlights of Early Care and Education Funding Increases in 2006*, at <http://www.ncsl.org/programs/cyf/earlycareedu1106.htm> (last visited Nov. 1, 2007).

Appendices

Appendix A

Vermont Child Care Income Eligibility

Child Development Division (CDD)
 Department for Children and Families (DCF)
 Vermont Agency of Human Services (AHS)

Child Care Subsidy Based on Gross Monthly Income and Family Size

% of Subsidy Paid by State	Family Size 3 or fewer	Family Size 4	Family Size 5	Family Size 6 or more
100%	\$1,157.00	\$1,392.00	\$1,627.00	\$1,862.00
99%	\$1,193.00	\$1,436.00	\$1,678.00	\$1,921.00
98%	\$1,230.00	\$1,480.00	\$1,730.00	\$1,980.00
97%	\$1,267.00	\$1,524.00	\$1,782.00	\$2,040.00
96%	\$1,303.00	\$1,568.00	\$1,834.00	\$2,099.00
95%	\$1,352.00	\$1,628.00	\$1,903.00	\$2,179.00
90%	\$1,419.00	\$1,709.00	\$1,998.00	\$2,288.00
85%	\$1,487.00	\$1,789.00	\$2,092.00	\$2,396.00
80%	\$1,560.00	\$1,878.00	\$2,196.00	\$2,515.00
75%	\$1,633.00	\$1,966.00	\$2,299.00	\$2,633.00
70%	\$1,706.00	\$2,055.00	\$2,403.00	\$2,752.00
65%	\$1,780.00	\$2,143.00	\$2,506.00	\$2,871.00
60%	\$1,853.00	\$2,231.00	\$2,610.00	\$2,989.00
55%	\$1,926.00	\$2,320.00	\$2,713.00	\$3,108.00
50%	\$2,000.00	\$2,408.00	\$2,817.00	\$3,227.00
45%	\$2,073.00	\$2,497.00	\$2,920.00	\$3,345.00
40%	\$2,146.00	\$2,585.00	\$3,024.00	\$3,464.00
35%	\$2,220.00	\$2,673.00	\$3,127.00	\$3,583.00
30%	\$2,293.00	\$2,762.00	\$3,231.00	\$3,702.00
25%	\$2,366.00	\$2,850.00	\$3,334.00	\$3,820.00
20%	\$2,439.00	\$2,939.00	\$3,438.00	\$3,939.00
15%	\$2,513.00	\$3,027.00	\$3,541.00	\$4,058.00
10%	\$2,586.00	\$3,115.00	\$3,645.00	\$4,176.00

Appendix B

Vermont Child Care Subsidy Rates

Child Development Division (CDD)
 Department for Children and Families (DCF)
 Vermont Agency of Human Services (AHS)

Rates indicate 100% subsidy, Effective 7/08/07

Licensed Provider

Type of Care	Infant	Toddler	Preschool	School Age
Part Time - Daily (1 - 5 hrs)	\$14.46	\$14.21	\$12.93	\$12.61
Part Time - Weekly (1-25hrs)	\$72.15	\$71.07	\$64.61	\$63.03
Full Time - Daily (6 - 10 hrs)	\$25.84	\$25.64	\$22.82	\$22.27
Full Time - Weekly (26 - 50 hrs)	\$129.22	\$128.15	\$114.14	\$111.36
Extended Care - Daily (11- 24 hrs)	\$35.32	\$35.11	\$30.81	\$30.05
Extended Care - Weekly (51 - 168 hrs)	\$176.60	\$175.53	\$154.00	\$150.24

Registered Provider

Type of Care	Infant	Toddler	Preschool	School Age
Part Time - Daily (1 - 5 hrs)	\$11.98	\$11.76	\$10.51	\$10.51
Part Time - Weekly (1- 25 hrs)	\$59.88	\$58.83	\$52.53	\$52.53
Full Time - Daily (6 - 10 hrs)	\$20.81	\$20.59	\$17.86	\$17.86
Full Time - Weekly (26- 50 hrs)	\$104.00	\$102.96	\$89.30	\$89.30
Extended Care - Daily (11- 24 hrs)	\$28.79	\$28.57	\$24.37	\$24.37
Extended Care - Weekly (51 -168 hrs)	\$143.93	\$142.88	\$121.87	\$121.87

Legally Exempt Provider

Type of Care	Infant	Toddler	Preschool	School Age
Part Time - Daily (1 - 5 hrs)	\$9.16	\$9.16	\$7.84	\$7.84
Part Time - Weekly (1- 25 hrs)	\$0.00	\$0.00	\$0.00	\$0.00
Full Time - Daily (6- 10 hrs)	\$16.03	\$16.03	\$13.39	\$13.39
Full Time - Weekly (26 - 50 hrs)	\$0.00	\$0.00	\$0.00	\$0.00
Extended Care - Daily (11-24 hrs)	\$22.40	\$22.40	\$18.44	\$18.44
Extended Care - Weekly (51 - 168 hrs)	\$0.00	\$0.00	\$0.00	\$0.00