

Vermont Legislative Joint Fiscal Office

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FISCAL NOTE

Date: Updated May 4, 2021
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H.171 An act relating to child care systems and financing

~~An act relating to the governance and financing of Vermont's child care system~~

As amended by the Senate

<https://legislature.vermont.gov/bill/status/2022/H.171>

The bill proposes changes to Vermont's child care system.

Child Care Financial Assistant Program (CCFAP)

Secs. 2 - Child Care Financial Assistance Program

The bill would make eligibility changes to the Child Care Financial Assistance Program (CCFAP) including instituting flat family co-pays based on the federal poverty level (FPL), expanding the lower limit for families who would have no co-pays from 100% FPL to 150 FPL, and expanding those who can receive subsidies to 350% FPL. According to the Department of Children and Families (DCF), these changes are included as part of the Governor's FY 2022 budget recommendation.

Sec. 3 – Payment to Providers

The bill would include reimbursement rate caps tiered in relation to provider ratings in the Vermont STARS program of which the lower limit would not be less than the 50th percentile of all reported rates for the same provider setting in each rate category. These changes are included as part of the Governor's FY 2022 budget recommendation.

Fiscal Impact (Secs. 2 & 3) – There is no appropriation in the bill for these sections as amended by the Seante.

- The bill as passed the House included an appropriation of \$5,529,000.00 to DCF. The Senate removed this appropriation from this bill and included it in H.439 – an act relating to making appropriation for the support of government (the "Big Bill") – as amended by the Senate (on April 30, 2021). This amount was also included in the Governor's FY 2022 Budget Recommendation.*

Workforce Supports

Secs. 6, 7 & 8– Scholarships and Loan Repayment Programs

The bill would establish need-based scholarship programs for current and prospective early childhood providers and a student loan repayment program.

- Scholarships for Current Early Childhood Providers – for individuals employed by a regulated, privately operated center-based child care program or family child care home while acquiring credits in early childhood development or that are related directly to working with children from birth through eight years of age.
- Scholarships for Prospective Early Childhood Providers – for individuals pursuing a college degree in early childhood education or early childhood special education. Eligible individuals must attend a Vermont college or university at least part-time and meet time commitments as required by the bill.
- Student Loan Repayment Assistance – for any individual employed by a regulated, privately operated center-based child care program or family child care home in Vermont. Eligible individuals must meet criteria as required by the bill.
- Repeal - Sec. 8 of the bill would repeal references to these programs on July 1, 2026.

Fiscal Impact (Sec. 6, 7, & 8) – There are no appropriations for these programs in this bill as amended by the Senate.

- *The bill as passed by the House included the following amounts in FY 2022:*
 - *Current Early Childhood Provider Scholarship Program = \$300,000.00*
 - *Prospective Early Childhood Provider Scholarship Program = \$400,000.00*
 - *Student Loan Repayment Assistance Program = \$1,800,000.00*
- *The Senate removed these appropriations from this bill and included them in H.439 – an act relating to making appropriation for the support of government (the “Big Bill”) – as amended by the Senate (on April 30, 2021).*

Studies and Reports

Sec. 13 – Child Care and Early Childhood Education Systems Analysis Study

The bill would require Building Bright Futures, on or September 1, 2021, to develop and issue a request for proposals (RFP) to select an independent consulting entity with expertise in the field of child care and early childhood education to provide an analysis and recommendations on Vermont’s child care and early education systems for children from birth through five years of age. The development of the RFP and selection of an independent consulting entity shall be done in consultation with the Chairs of the House Committee on Human Services and the Senate Committee on Health and Welfare or their designees.

Fiscal Impact: There is no appropriation in this bill.

- *An appropriation of \$200,000.00 to DCF for FY 2022 was included in H.439 – an act relating to making appropriation for the support of government (the “Big Bill”) – as amended by the Senate (on April 30, 2021).*

Sec. 14 – Child Care and Early Childhood Education Financing Study

The bill would require the Joint Fiscal Office (JFO), on or before July 1, 2022, to contract with an economist or independent consulting entity with expertise in the field of child care and early childhood education to examine the economic impacts of and potential funding mechanisms to

adjust Vermont’s existing child care system for children from birth through 5 years of age with consideration to the intersection of and impacts on child care for children from ages 6 to 12 in alignment with the recommendations of the Universal Afterschool Task Force. The bill also lays out specific goals. The consultant will report preliminary results on or before December 1, 2022. The final report is due on or before January 15, 2023.

Fiscal Impact: There is no FY 2022 appropriation in this bill. There would need to be a FY 2023 appropriation.

- *The study could cost between \$250,000.00 and \$450,000.00.*

Fiscal Summary

Sec.*	Agency/Dept.	Purpose	As amended by the Senate		
			Included in FY2022 Gov. Rec.	New Initiatives/ appropriations in H.171	New Initiatives/ appropriations - H.439 (Big Bill)
2,3	DCF	CCFAP; payments to providers	\$5,529,000	-----	
6,7,8	DCF	Scholarships for current early childhood providers		-----	Sec. E.318.3 \$700,000
		Scholarships for prospective early childhood providers		-----	
		Student loan repayment assistance		-----	\$1,800,000
13	DCF / Building Bright Futures	System Analysis Study		-----	Sec. B.1106(a)(7) \$200,000
14	Joint Fiscal Office	Financing Study		Will need an appropriation in FY 2023	-----
			\$5,529,000	\$0	\$2,700,000