



Date: November 3, 2021
To: Governor Scott, Vermont Agency Leaders, and Vermont's General Assembly
From: Dr. Morgan Crossman, Executive Director, Building Bright Futures
Re: Early Childhood Components of the Build Back Better Act

EXECUTIVE SUMMARY

Building a Birth Through Five Child Care and Early Learning Entitlement: It is critical that we consider this moment in time as a once in a century federal investment in children and families. We need to be prepared for, and use it as an opportunity to build the early childhood system that meets the needs of each and every Vermont child. This vision and strategy is clearly articulated within [Vermont's Early Childhood Action Plan](#) (VECAP). The Build Back Better Act provides this opportunity by outlining federal investments in both child care and universal prekindergarten education (UPK), among many other initiatives.

The Build Back Better Framework proposes a \$400 billion investment in early childhood. The child care and UPK sections of the Act contain many opportunities for states to continue their efforts towards strengthening early childhood systems, making child care more affordable and accessible for all families, expanding access to UPK programming, and ensuring the early education sector pays a livable wage. Vermont is well positioned to examine the legislation, collaborate with Vermont stakeholders and in our federal delegation, and ask critical questions, in order to capitalize on this potential opportunity.

A few main components of the **child care section** include:

- A focus on family affordability: eliminating copays for families under 75% of the state median income, and capping copays at 7% of family income for families under 250% of the state median income
- A focus on quality: funds for increasing the supply and quality of child care, with a goal of making the highest quality child care available to all families, and a commitment to mixed-delivery and supporting underserved children and families
- A focus on the workforce: requires the implementation of a wage scale for early educators, that includes a living wage

A few main components of the **UPK section** include:

- A focus on quality: requires continued use of mixed-delivery pre-K programs
- A focus on access: requires continued universal access for three and four-year olds, with a emphasis on the needs of underserved communities and an increase (based on current UPK in VT) to 1,020 annual hours of UPK
- A focus on the early education workforce: encourages the development of a highly qualified and well supported pre-K workforce

A few **overarching components** and tenants of the child care and pre-K sections include:

- A focus on advisement and collaboration with key early childhood stakeholders including: the Early Childhood State Advisory Council, parents and families, and Head Start partners
- A focus on alignment with the Head Start model and partnership with Head Start programs, including the expansion of comprehensive, wrap-around services, and high-quality performance standards and curriculum

Draft Bill, as proposed and published on October 28, 2021:

<https://rules.house.gov/sites/democrats.rules.house.gov/files/BILLS-117HR5376RH-RCP117-17.pdf>

- Child Care: Pg. 175
- UPK: Pg. 218

CHILD CARE

Program Overview

- Establishes the “Birth Through Five Child Care and Early Learning Entitlement Program”;
- Six years of funding for states;
- Goal: 6 years after implementation, all families with eligible children need to be able to choose care at the highest quality level through: expanding access to child care assistance, increasing child care supply, increasing child care provider payments, support states to administer the programs.
- Eligibility:
 - Includes a phased-in expansion of income eligibility for child care assistance;
 - Families at or below 100% of the SMI would become eligible in FY 2022
 - Families at or below 125% of the SMI would become eligible in FY 2023
 - Families at or below 150% of the SMI would become eligible in FY 2024
 - Families at or below 250% of the SMI would be eligible in FY 2025 through FY 2027
 - Otherwise, family eligibility requires that parents engage in a “eligible activity” (full or part-time employment, job search activities, job training, secondary, postsecondary, or adult education, health treatment, etc.);
 - Eligible children must be less than 6 years old, and not yet in kindergarten;
 - States are not permitted to add additional eligibility requirements beyond those outlined in the bill
- Sliding fee scale for families based on income:
 - No copay for families at or below 75% of the SMI, or for families who are eligible for Head Start
 - A copay of more than 0% but no more than 2% of family income for those above 75% of the SMI but not more than 100% of the SMI
 - A copay of more than 2% but no more than 4% of family income for those above 100% of the SMI but not more than 125% of the SMI
 - A copay of more than 4% but no more than 7% of family income for those above 125% of the SMI but not more than 150% of the SMI
 - A copay of 7% of family income for those above 150% of the SMI but not more than 250% of the SMI
 - Child care providers are prohibited from charging participating families additional copays or fees
 - Sliding fee scale designed based on full-day, calendar year care
- Program Requirements:
 - The state must develop a wage ladder and ensure that within 3 years of receiving funds, that a cost model is in place that ensures a minimum of a “living wage” for all child care staff at eligible programs;
 - The state must develop a statistically valid and reliable cost model to determine child care reimbursement rates that is updated no less than every three years in consultation with stakeholders and includes consideration of: geographic area, type of provider, age of child, providing adequate wages for staff (pay parity with elementary educators with similar credentials), and more;
 - Strong partnership and alignment with Head Start, including the top QRIS level being at minimum, equal to Head Start quality standards;
 - Prioritizes the needs of underserved children: low-income children, children in underserved areas, infants and toddlers, children with disabilities, infant and toddlers with disabilities, children who are dual language learners, and children who receive care during nontraditional hours.

Funding Overview and Use of Funds: Starting on page 196

- Payments to States for Child Care:
 - For FY 2022 through FY 2024, states will receive additional funding to cover the new child care entitlement program based on the same formula as CCDBG
 - During these years, 50% of the funding must be used on expanding access to child care assistance, 25% must be used on child care supply and quality building activities, and the remaining 25% can be used on either expanding access to assistance or supply/quality building, up to 7% can be used on administrative costs
 - For FY 2025 through 2027 based on the FMAP rate, **federal funds will cover 90% of the expenditures for child care assistance** for children considered eligible
 - Quality improvement: Between 5% and 10% of the state's allocation between FY 2025 and 2027 is reserved to increase the quality and supply of eligible child care providers
 - Quality and supply improvement activities include: startup grants and supply expansion grants, quality grants, facilities grants, "additional activities" (training and professional development for the workforce, enhancing the QRIS, improving supply/quality of programs and services for underserved populations, improving access to child care for children experiencing homelessness and foster care, and other activities as outlined in CCDBG)
 - Administration costs: Between FY 2025 and 2027, the state shall receive an amount equal to 50% of the costs of administering the program incurred by the state (may include, at the option of the state, costs associated with carrying out section 658H of CCDBG). Prior to FY 2025, up to 7% of the additional funds received through the CCDBG formula may be used for administrative costs
 - Supplement, not supplant: While participating in the program, state and local expenditures made towards providing child care services must remain at the average allocated in the last 3 years. Additionally, no more than 10% of CCDBG funding can be used to serve children under age 6 as of FY 2025.

Administration (Pg. 176, 209)

- Administration: the Governor designates an agency or establishes a joint interagency office to serve as the lead agency for the program
- Providing the Secretary and federal government with periodic reports and accounting information
- In states that have made it clear they will not apply for the program, the Secretary can award local Birth through Five Child Care and Early Learning Grants to eligible localities, with priority given to those seeking to serve underserved populations

UNIVERSAL PREKINDERGARTEN EDUCATION (UPK)

UPK Program Overview

- Free universal prekindergarten education for all three and four-year-olds = universally available to all children in the State without any additional eligibility requirements
- Universal prekindergarten education must be offered for **at least 1,020 annual hours**
- Requires UPK delivery is universal, high-quality, free, and inclusive and builds upon or improves a state's mixed delivery model (ie: Family child care, Head Start, Schools, Child Care Centers) for providing UPK based on parent choice and needs)



- Prioritizes the needs of underserved children and communities (pg 235, 249) including children experiencing homelessness, children in foster care or kinship care, children in families who are engaged in migrant or seasonal agricultural labor, children with disabilities, and dual language learners
 - High-needs communities must be prioritized in the establishment or expansion of universal pre-K programs
 - The state must use an approved, research-based methodology for determining high-need communities
 - Enhanced payments should be made by states through subgrants or contracts with programs serving a high percentage of low-income children to support the delivery of comprehensive/wrap-around services
- Strong focus on partnership with Head Start, improving transitions of children from early childhood education to elementary school, and collaboration with entities carrying out programs under Part C of IDEA (Early intervention, In Vermont, CDD, CIS) and Part B of IDEA (special education)

Funding Overview and Use of Funds: Starting on page 228

- Payments to States for Preschool Services (pg 228): Federal funds will cover preschool services in Vermont each year equal to:
 - 100% of State's expenditures in FY 2022-2024
 - 95.440% of the State's expenditures in the year for preschool services for each of FY 2025
 - 79.534% of the State's expenditures in the year for preschool services for each of FY 2026
 - 63.627% of the State's expenditures in the year for preschool services for each of FY 2027
 - Transitional payments: Payments to states with transitional plans
 - Amount to provide grants to eligible providers to provide high-quality preschool using a formula that considers the proportion of the number of 8 children who are below the age of 6 and 9 whose families have a family income at or 10 below 200 percent of the poverty line for the most recent year for which satisfactory data are available, residing in the State, as compared to the number of such children, who reside in all States with approved plans for the fiscal year for which the allotment is being made; and
 - The existing Federal preschool investments in the State under the Head Start Act, as of the date of the allotment
- Non-Federal share (pg. 231): The state is responsible for expenditures not provided above in each year.
- Allowable sources of Non-Federal Share (pg 249)
 - Cash, in kind, fairly evaluated, including facilities or property, equipment or services
 - An increase in amounts spent by the State to expand **half-day** kindergarten programs into **full-day** programs
 - Does not include contributions being used as non-Federal share or match for another Federal award
 - Could be provided from State, local, philanthropic, private or combination of sources
 - Shall count **no more than 100% of the State's current spending on prekindergarten programs** calculated as the average amount of such spending by the State for fiscal years 2019, 2020, and 2021, toward the State's non-Federal share.
- Funds that go unused by a state will be recouped by the federal government to disperse to Head Start agencies
- Payment for State Administration Activities (overview below, pg. 230): Each state will annually receive 53.022% of the amount of expenditures for the administration activities, except that in no case shall a payment for a fiscal year exceed the amount equal to 10% of the State's expenditures described for such fiscal year.



Administration Activities (Pg. 233)

- Administration: the Governor designates an agency or establishes a joint interagency office to serve as the lead agency for the program
 - Continuous quality improvement: use of data, research, monitoring, training, technical assistance, professional development, and coaching to support providers
 - Outreach and enrollment support for families and specific outreach for underserved populations
 - Supporting data systems building
 - Supporting staff of eligible providers, including supporting Head Start programs with utilization of available Head Start slots
 - Supporting activities that ensure access to inclusive UPK for children with disabilities
 - Providing appropriate transportation
 - Alignment between pre-K services and funding with other Federal, State, and local child care and early childhood development programs
 - Conducting or updating the State's statewide needs assessment of access to high quality preschool services
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Building Bright Futures Policy Team consulted with several staff members from Senator Sanders, Senator Leahy, and Congressman Welch's offices in Vermont and D.C. to discuss the current status of the reconciliation bill last week. It remains clear that Vermont's delegation and other federal partners are committed to moving forward this proposal for child care and pre-K at the national level. Additionally, the Governor's Office, Agency Leaders, legislators, members of the Building Bright Futures Network, and early childhood stakeholders statewide have expressed great enthusiasm and interest in understanding the proposal and capitalizing on this unique opportunity to move forward so many components of the vision Vermont has held for a high-quality, equitable, and comprehensive early childhood system that supports the needs of each and every child and family in our state. It is critical that Vermont's early childhood stakeholders, administrators, and partners come together during the coming months to ready the state for the potential investment, troubleshoot potential barriers in delivering the highest quality early education services, and ensure equity in access for Vermont children and families.

Our team at Building Bright Futures remains in close conversation with Vermont's federal delegation, the Governor's Office, national early childhood stakeholders and their teams, as well as our network in order to monitor the reconciliation bill, and provide any necessary data or information to best support the development of this federal policy for Vermont. We intend to continue to update this resource for our partners as the bill continues to evolve and progress. Our team looks forward to answering any questions regarding this federal proposal, as well as participating in, and convening future conversations to best prepare Vermont and our early childhood system for this historic legislation's potential enactment.

Sincerely,

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