

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on General, Housing, and Military Affairs to which was
3 referred Senate Bill No. 23 entitled “An act relating to increasing the minimum
4 wage” respectfully reports that it has considered the same and recommends
5 that the House propose to the Senate that the bill be amended by striking out all
6 after the enacting clause and inserting in lieu thereof the following:

7 Sec. 1. 21 V.S.A. § 384 is amended to read:

8 § 384. EMPLOYMENT; WAGES

9 (a)(1) An employer shall not employ any employee at a rate of less than
10 ~~\$9.15. Beginning on January 1, 2016, an employer shall not employ any~~
11 ~~employee at a rate of less than \$9.60. Beginning on January 1, 2017, an~~
12 ~~employer shall not employ any employee at a rate of less than \$10.00.~~
13 ~~Beginning on January 1, 2018, an employer shall not employ any employee at~~
14 ~~a rate of less than \$10.50, and beginning \$10.78. Beginning on January 1,~~
15 ~~2019 2020, an employer shall not employ any employee at a rate of less than~~
16 \$11.50. Beginning on January 1, 2021, an employer shall not employ any
17 employee at a rate of less than \$12.25. Beginning on January 1, 2022, an
18 employer shall not employ any employee at a rate of less than \$13.10.
19 Beginning on January 1, 2023, an employer shall not employ any employee at
20 a rate of less than \$14.05. Beginning on January 1, 2024, an employer shall
21 not employ any employee at a rate of less than \$15.00, and on each subsequent

1 January 1, the minimum wage rate shall be increased by five percent or the
2 percentage increase of the Consumer Price Index, CPI-U, U.S. city average,
3 not seasonally adjusted, or successor index, as calculated by the U.S.
4 Department of Labor or successor agency for the 12 months preceding the
5 previous September 1, whichever is smaller, but in no event shall the minimum
6 wage be decreased. The minimum wage shall be rounded off to the
7 nearest \$0.01.

8 (2) An employer in the hotel, motel, tourist place, and restaurant
9 industry shall not employ a service or tipped employee at a basic wage rate less
10 than one-half the minimum wage. As used in this subsection, “a service or
11 tipped employee” means an employee of a hotel, motel, tourist place, or
12 restaurant who customarily and regularly receives more than \$120.00 per
13 month in tips for direct and personal customer service.

14 (3) If the minimum wage rate established by the U.S. government is
15 greater than the rate established for Vermont for any year, the minimum wage
16 rate for that year shall be the rate established by the U.S. government.

17 * * *

18 (e)(1) A tip shall be the sole property of the employee or employees to
19 whom it was paid, given, or left. An employer that permits patrons to pay tips
20 by credit card shall pay an employee the full amount of the tip that the

1 customer indicated, without any deductions for credit card processing fees or
2 costs that may be charged to the employer by the credit card company.

3 (2) An employer shall not collect, deduct, or receive any portion of a tip
4 left for an employee or credit any portion of a tip left for an employee against
5 the wages due to the employee pursuant to subsection (a) of this section.

6 (3) This subsection shall not be construed to prohibit the pooling of tips
7 among:

8 (A) service or tipped employees as defined pursuant to subsection (a)
9 of this section; or

10 (B) service or tipped employees who are paid at least the federal
11 minimum wage established pursuant to 29 U.S.C. § 206(a)(1) and non-
12 supervisory employees who do not customarily and regularly receive more
13 than \$120.00 per month in tips for direct and personal customer service.

14 Sec. 2. 21 V.S.A. § 383 is amended to read:

15 § 383. DEFINITIONS

16 ~~Terms used in this subchapter have the following meanings~~ As used in this
17 subchapter, unless a different meaning is clearly apparent from the language or
18 context:

19 (1) “Commissioner;” means the Commissioner of Labor or designee.

1 (2) “Employee;” means any individual employed or permitted to work
2 by an employer except:

3 * * *

4 (G) ~~taxi-cab~~ taxicab drivers;

5 (H) outside salespersons; and

6 (I) secondary school students under 18 years of age working during
7 all or any part of the school year or regular vacation periods. As used in this
8 subdivision (2)(I), “regular vacation periods” does not include the period
9 between two successive academic years.

10 (3) “Occupation;” means an industry, trade, ~~or~~ business or branch
11 thereof, or a class of work in which workers are gainfully employed.

12 (4) “Tip” means a sum of money gratuitously and voluntarily left by a
13 customer for service, or indicated on a bill or charge statement, to be paid to a
14 service or tipped employee for directly and personally serving the customer in
15 a hotel, motel, tourist place, or restaurant. An employer-mandated service
16 charge shall not be considered a tip.

17 **Sec. 3. CHILD CARE FINANCIAL ASSISTANCE PROGRAM**

18 (a) It is the intent of the General Assembly that investments and initiatives
19 set forth in this section and Sec. 3a of this act are meant to complement the

1 anticipated redesign of the Child Care Financial Assistance Program, which
2 shall be monitored by the General Assembly.

3 (b) In fiscal year 2020, \$1,250,000.00 is appropriated from the General
4 Fund to the Department for Children and Families' Child Development
5 Division to restore the base for the Child Care Financial Assistance Program
6 (CCFAP) and \$6,900,000.00 is appropriated from the General Fund to the
7 Division for the purpose of adjusting the sliding fee scale and reimbursement
8 rates in CCFAP as follows:

9 (1) adjust the sliding fee scale of CCFAP to ensure that families whose
10 gross income is up to 100 percent of the current federal poverty guidelines
11 receive 100 percent of the available benefit and that families whose gross
12 income is between 100 and 300 percent of the current federal poverty
13 guidelines receive between 99 and 10 percent of the available financial
14 assistance benefit, scaling between set eligibility levels as follows:

15 (A) 95 percent of the available financial assistance benefit for
16 families at 125 percent of the current federal poverty guidelines;

17 (B) 75 percent of the available financial assistance benefit for
18 families at 150 percent of the current federal poverty guidelines;

19 (C) 50 percent of the available financial assistance benefit for
20 families at 200 percent of the current federal poverty guidelines; and

1 (D) 10 percent of the available financial assistance benefit for
2 families at 300 percent of the current federal poverty guidelines; and
3 (2) align rates of reimbursement for preschool and school age children
4 participating in CCFAP in fiscal year 2020 with the market rates reported on
5 the 2015 Vermont Market Rate Survey and maintain rates of reimbursement
6 for infants and toddlers participating in CCFAP in fiscal year 2020 with the
7 market rates reported on the 2017 Vermont Market Rate Survey.

8 Sec. 4. 33 V.S.A. § 3512(a)(4) is added to read:

9 (4) Beginning on January 1, 2025 and each subsequent year the
10 minimum wage is increased thereafter, the Commissioner for Children and
11 Families shall amend the Department for Children and Families' Child Care
12 Financial Assistance Program to:

13 (A) adjust the sliding fee scale to correspond with each minimum
14 wage increase required pursuant to 21 V.S.A. § 384(a)(1) in order to ensure
15 that the benefit percentage at each new minimum wage level is not lower than
16 the percentage applied under the former minimum wage; and

17 (B) adjust the rate of reimbursement paid to providers on behalf of
18 families participating in the Child Care Financial Assistance Program in a
19 manner that offsets the estimated increased cost of child care in Vermont
20 resulting from an increase in the minimum wage required pursuant to
21 21 V.S.A. § 384(a)(1).

1 **Sec. 5. INCREASES FOR EMPLOYEES OF CERTAIN MEDICAID-**
2 **PARTICIPATING PROVIDERS; APPROPRIATION**

3 (a) In order to increase Medicaid reimbursement rates to home health
4 agencies, nursing homes, residential care homes, assisted living residences, and
5 adult day agencies by \$3,305,646.00 in fiscal year 2020 to facilitate the
6 payment of wages to their employees who are providing healthcare services
7 pursuant to the State Medicaid Program that are equal to at least the minimum
8 wage set forth in 21 V.S.A. § 384 and to mitigate wage compression for
9 employees of those service providers who are in occupations with a starting
10 wage rate within \$1.00 of the minimum wage:

11 (1) \$874,894.00 is appropriated in fiscal year 2020 from the General
12 Fund to the Department of Vermont Health Access;

13 (2) \$1,780,752.00 is appropriated in fiscal year 2020 from federal funds
14 to the Department of Vermont Health Access; and

15 (3) the Secretary of Human Services shall redirect to the Medicaid
16 programs identified in this subsection an estimated \$650,000.00 of State funds
17 and any related federal matching funds from savings experienced by programs
18 within the Agency of Human Services as a result of the increase in the
19 minimum wage on January 1, 2020.

20 (b) On or before November 15, 2019, the Department of Vermont Health
21 Access shall submit a written report to the Joint Fiscal Committee regarding

1 the adequacy of the funds appropriated pursuant to subsection (a) of this
2 section, any additional appropriation that may be necessary during fiscal year
3 2020.

4 **Sec. 6. INCREASES FOR EMPLOYEES OF CERTAIN MEDICAID-**
5 **PARTICIPATING PROVIDERS; PROJECTIONS; REPORT**

6 On or before December 1, 2019, the Secretary of Human Services, in
7 consultation with the Joint Fiscal Office and relevant service providers, shall
8 submit a written report to the House Committees on Appropriations, on
9 General, Housing, and Military Affairs, on Health Care, and on Human
10 Services and the Senate Committees on Appropriations, on Economic
11 Development, Housing and General Affairs, and on Health and Welfare
12 regarding the projected costs for fiscal years 2021, 2022, 2023, and 2024 of
13 increasing Medicaid reimbursement rates to designated agencies, specialized
14 service agencies, home health agencies, nursing homes, residential care homes,
15 assisted living residences, and adult day agencies by an amount necessary to
16 facilitate the payment of wages to their employees who are providing
17 healthcare services pursuant to the State Medicaid Program that are equal to at
18 least the minimum wage set forth in 21 V.S.A. § 384 and to mitigate wage
19 compression for employees of those service providers who are in occupations
20 with a starting wage rate within \$1.00 of the minimum wage.

21 *** * * ALTERNATIVE SEC. 6 * * ***

1 **Sec. 6. FUNDING FOR MEDICAID PARTICIPATING PROVIDERS;**

2 **WORKING GROUP; REPORT**

3 (a) Creation. There is created the Enhanced Funding Mechanisms for
4 Medicaid Participating Providers Working Group to develop projections for
5 the cost of increasing reimbursement rates for Medicaid participating
6 providers with employees who earn starting wages close to the Vermont
7 minimum wage and to study potential mechanisms to fund the increased costs
8 identified.

9 (b) Membership. The Working Group shall be composed of the following
10 members:

11 (1) one current member of the House of Representatives, who shall be
12 appointed by the Speaker of the House;

13 (2) one current members of the Senate, who shall be appointed by the
14 Committee on Committees;

15 (3) the Secretary of Human Services or designee;

16 (4) one member representing designated and specialized service
17 agencies, selected by Vermont Care Partners;

18 (5) one member representing home health agencies, selected jointly by
19 the VNAs of Vermont and Bayada Home Health Care;

20 (6) one member representing long term care facilities, selected by the
21 Vermont Health Care Association; and

1 (7) one member representing adult day agencies, selected by the
2 Vermont Association of Adult Day Services.

3 (c) Powers and duties. The Working Group shall develop projections for
4 the cost of increasing reimbursement rates for Medicaid participating
5 providers with employees who earn starting wages close to the Vermont
6 minimum wage and study potential mechanisms to fund the increased costs
7 identified. In particular, the Working Group shall:

8 (1) identify the projected costs for fiscal years 2021, 2022, 2023, and
9 2024 of increasing Medicaid reimbursement rates to designated agencies,
10 specialized service agencies, home health agencies, nursing homes, residential
11 care homes, assisted living residences, and adult day agencies by an amount
12 necessary to facilitate the payment of wages to their employees who are
13 providing healthcare services pursuant to the State Medicaid Program that are
14 equal to at least the minimum wage set forth in 21 V.S.A. § 384 and to mitigate
15 wage compression for employees of those service providers who are in
16 occupations with a starting wage rate within \$1.00 of the minimum wage;

17 (2) examine funding models for Medicaid participating providers that
18 are employed by other states that have enacted a minimum wage increase
19 within the past 5 years; and

20 (3) identify long-term funding models for Vermont that could enable
21 the State to cover the cost of increased Medicaid reimbursement rates to

1 designated agencies, specialized service agencies, home health agencies,
2 nursing homes, residential care homes, assisted living residences, and adult
3 day agencies by an amount necessary to facilitate the payment of wages to
4 their employees who are providing healthcare services pursuant to the State
5 Medicaid Program that are equal to at least the minimum wage set forth in 21
6 V.S.A. § 384 and to mitigate wage compression for employees of those
7 service providers who are in occupations with a starting wage rate within
8 \$1.00 of the minimum wage.

9 (d) Assistance. The Working Group shall have the administrative,
10 technical, and legal assistance of Agency of Human Services, the Office of
11 Legislative Council, and the Joint Fiscal Office.

12 (e) Report. On or before December 15, 2020, the Working Group shall
13 submit a written report to the House Committees on Appropriations, on
14 General, Housing, and Military Affairs, on Health Care, and on Human
15 Services and the Senate Committees on Appropriations, on Economic
16 Development, Housing and General Affairs, and on Health and Welfare with
17 its findings and any recommendations for legislative action.

18 (f) Meetings.

19 (1) The Secretary of Human Services shall call the first meeting of the
20 Working Group to occur on or before August 15, 2019.

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

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

4 (4) The Working Group shall cease to exist on January 30, 2020.

5 (g) Compensation and reimbursement.

6 (1) For attendance at meetings during adjournment of the General
7 Assembly, a legislative member of the Working Group serving in his or her
8 capacity as a legislator shall be entitled to per diem compensation and
9 reimbursement of expenses pursuant to 2 V.S.A. § 406 for not more than six
10 meetings.

11 (2) Members of the Working Group who are not otherwise
12 compensated for their attendance at meetings shall be entitled to per diem
13 compensation and reimbursement of expenses as permitted under 32 V.S.A. §
14 1010 for not more than six meetings.

15 (3) Payments to members of the Working Group authorized under this
16 subsection shall be made from monies appropriated to the General Assembly.

17 Sec. 7. MINIMUM WAGE; ADJUSTMENT FOR INFLATION; REPORT

18 On or before January 15, 2023, the Office of Legislative Council and the
19 Joint Fiscal Office shall submit a written report to the House Committee on
20 General, Housing, and Military Affairs and the Senate Committee on
21 Economic Development, Housing and General Affairs regarding potential

1 mechanisms for indexing the minimum wage established pursuant to 21 V.S.A.
2 § 384 to inflation after 2024. In particular, the report shall:

3 (1) identify and examine mechanisms that other jurisdictions use to
4 index their minimum wages to inflation and the potential benefits and
5 disadvantages of each mechanism; and

6 (2) identify and examine any alternative mechanisms to index the
7 minimum wage to inflation, including alternative measures of inflation, and the
8 potential benefits and disadvantages of each mechanism.

9 **Sec. 8. TIPPED AND STUDENT MINIMUM WAGE STUDY**

10 COMMITTEE; REPORT

11 (a) Creation. There is created the tipped and student minimum wage study
12 committee to examine the effects of altering or eliminating the basic wage rate
13 for tipped employees in Vermont and of eliminating the subminimum wage for
14 secondary school students during the school year.

15 (b) Membership. The Committee shall be composed of the following
16 members:

17 (1) one member of the House appointed by the Speaker of the House;

18 (2) one member of the Senate appointed by the Committee on

19 Committees;

20 (3) the Commissioner of Labor or designee;

21 (4) the Commissioner for Children and Families or designee;

1 (5) one member representing employers in the food service or
2 hospitality industry, appointed by the Speaker of the House; and

3 (6) one member representing tipped workers in the food service or
4 hospitality industry, appointed by the Committee on Committees.

5 (c) Powers and duties. The Committee shall study the effects of altering or
6 eliminating the basic wage rate for tipped employees and of eliminating the
7 subminimum wage for secondary school students during the school year,
8 including the following issues:

9 (1) the impact in states that have eliminated their tipped wage on:

10 (A) jobs, prices, and the state economy; and

11 (B) the welfare of tipped workers, women, and working families with
12 children;

13 (2) the impact in states that have increased their tipped wage during the
14 last 10 years on:

15 (A) jobs, prices, and the state economy; and

16 (B) the welfare of tipped workers, women, and working families with
17 children;

18 (3) the impact in states that have decoupled their tipped wage from the
19 standard minimum wage during the last 10 years on:

20 (A) jobs, prices, and the state economy; and

1 (B) the welfare of tipped workers, women, and working families with
2 children;

3 (4) the projected impact in Vermont of altering or eliminating the basic
4 wage rate for tipped employees on:

5 (A) jobs, prices, and the State economy; and

6 (B) the welfare of tipped workers, women, and working families with
7 children; and

8 (5) the projected impact in Vermont of eliminating the subminimum
9 wage for secondary school students on jobs, prices, the State economy, and the
10 welfare of individuals under 22 years of age.

11 (d) Assistance. The Committee shall have the administrative, technical,
12 and legal assistance of the Office of Legislative Council and the Joint Fiscal
13 Office.

14 (e) Report. On or before December 15, 2019, the Committee shall submit a
15 written report to the House Committee on General, Housing, and Military
16 Affairs and the Senate Committee on Economic Development, Housing and
17 General Affairs with its findings and any recommendations, if any, for
18 legislative action related to Vermont's basic wage for tipped employees and
19 subminimum wage for secondary school students.

20 (f) Meetings.

1 (1) The Commissioner of Labor shall call the first meeting of the
2 Committee to occur on or before September 15, 2019.

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

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

6 (4) The Committee shall cease to exist on January 30, 2020.

7 (g) Compensation and reimbursement.

8 (1) For attendance at meetings during adjournment of the General
9 Assembly, a legislative member of the Committee serving in his or her
10 capacity as a legislator shall be entitled to per diem compensation and
11 reimbursement of expenses pursuant to 2 V.S.A. § 406 for not more than
12 six meetings. These payments shall be made from monies appropriated to the
13 General Assembly.

14 (2) Members of the Committee who are not employees of the State of
15 Vermont and who are not otherwise compensated or reimbursed for their
16 attendance shall be entitled to per diem compensation and reimbursement
17 of expenses as permitted under 32 V.S.A. § 1010 for not more than
18 six meetings. These payments shall be made from monies appropriated to the
19 General Assembly.

20 **Sec. 9.** MINIMUM WAGE FOR AGRICULTURAL WORKERS;
21 WORKING GROUP; REPORT

1 (a) Creation. There is created the Agricultural Minimum Wage Working
2 Group to examine the wage and hour laws for agricultural workers.

3 (b) Membership. The Working Group shall be composed of the following
4 members:

5 (1) one member of the House appointed by the Speaker of the House;

6 (2) one member of the Senate appointed by the Committee on

7 Committees;

8 (3) The Secretary of Agriculture or designee; and

9 (4) The Commissioner of Labor or designee.

10 (c) Powers and duties. The Working Group shall study the wage and hour
11 laws for agricultural workers, including the following issues:

12 (1) the overlapping legal requirements of the federal Fair Labor

13 Standards Act and Vermont’s wage and hour laws with respect to agricultural
14 employees and employers;

15 (2) particular issues and challenges related to federal and State wage and

16 hour laws that Vermont’s agricultural employees and employers face; and

17 (3) how other states have addressed similar issues and challenges in

18 their wage and hour laws.

19 (d) Assistance. The Working Group shall have the administrative,

20 technical, and legal assistance of the Office of Legislative Council.

1 (e) Report. On or before December 15, 2019, the Working Group shall
2 submit a written report to the House Committees on Agriculture and on
3 General, Housing, and Military Affairs and the Senate Committees on
4 Agriculture and on Economic Development, Housing and General Affairs with
5 its findings and any recommendations for legislative action.

6 (f) Meetings.

7 (1) The member from the House shall call the first meeting of the
8 Working Group to occur on or before September 15, 2019.

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 Working Group shall cease to exist on January 30, 2020.

13 (g) Compensation and reimbursement. For attendance at meetings during
14 adjournment of the General Assembly, a legislative member of the Working
15 Group serving in his or her capacity as a legislator shall be entitled to per diem
16 compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for
17 not more than four meetings. These payments shall be made from monies
18 appropriated to the General Assembly.

19 **Sec. 10. LEGISLATIVE COUNCIL; DRAFT LEGISLATION**

20 On or before January 15, 2020, the Office of Legislative Council shall
21 prepare and submit a draft bill to the House Committee on General, Housing,

1 and Military Affairs and the Senate Committee on Economic Development,
2 Housing and General Affairs that makes statutory amendments of a technical
3 nature to modernize the statutory language of 21 V.S.A. chapter 5, subchapter
4 3. The draft bill shall also identify provisions of 21 V.S.A. chapter 5,
5 subchapter 3 that may require amendment in order to eliminate out-of-date and
6 obsolete provisions. The Office of Legislative Council shall consult with the
7 Commissioner of Labor to identify language requiring modernization and
8 provisions that are out-of-date or obsolete.

9 **Sec. 11. EFFECTIVE DATES**

10 (a) In Sec. 2, 21 V.S.A. § 383, the amendments to subdivisions (2)(G) and
11 (I) shall take effect on January 1, 2020. The remaining provisions of Sec. 2
12 shall take effect on July 1, 2019.

13 (b) The remaining sections of this act shall take effect on July 1, 2019.

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15
16
17 (Committee vote: _____)

18 _____

19 Representative _____

20 FOR THE COMMITTEE