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S.56

An act relating to child care and early childhood education

It is hereby enacted by the General Assembly of the State of Vermont:

\* \* \* Legislative Intent \* \* \*

Sec. 1. LEGISLATIVE INTENT

It is the intent of the General Assembly that investments in and policy changes to Vermont's child care system shall:

- (1) increase access to and the quality of child care services throughout the State;
- (2) provide financial stability to child care programs;
- (3) stabilize Vermont's talented child care workforce;
- (4) address the workforce needs of the State's employers; and
- (5) provide policy recommendations for expanding access and capacity in Vermont's prekindergarten system.

\* \* \* Prekindergarten \* \* \*

Sec. 2. PREKINDERGARTEN EDUCATION STUDY COMMITTEE;

REPORT

(a) Creation. There is created the Prekindergarten Education Study Committee to make recommendations on how to improve and expand accessible, affordable, and high-quality prekindergarten education.

1        (b) Membership. The Committee shall be composed of the following  
2        members:

3                (1) the Secretary of Education or designee, who shall serve as chair;

4                (2) the Secretary of Human Services or designee;

5                (3) the Executive Director of the Vermont Principals' Association or  
6        designee;

7                (4) the Executive Director of the Vermont Superintendents Association  
8        or designee;

9                (5) the Executive Director of the Vermont School Board Association or  
10       designee;

11               (6) the Executive Director of the Vermont National Education  
12       Association or designee;

13               (7) the Chair of the Vermont Council of Special Education  
14       Administrators or designee;

15               (8) the Executive Director of the Vermont Curriculum Leaders  
16       Association or designee;

17               (9) the Executive Director of Building Bright Futures or designee;

18               (10) a representative of a prequalified private provider as defined in 16  
19       V.S.A. § 829, operating a licensed center-based child care and preschool  
20       program, appointed by the Speaker of the House;

1           (11) a representative of a prequalified private provider as defined in 16  
2           V.S.A. § 829, operating a regulated family child care home, appointed by the  
3           Committee on Committees;

4           (12) the Head Start Collaboration Office Director or designee;

5           (13) the Executive Officer of Let's Grow Kids or designee; and

6           (14) a family representative with a prekindergarten-age child, appointed  
7           by the Building Bright Futures Council.

8           (c) Powers and duties. The Committee shall examine the delivery of  
9           prekindergarten education in Vermont and make recommendations for  
10           expanding equitable access for all children three and four years of age in a  
11           manner that achieves the best outcomes for children, whether through the  
12           current mixed-delivery system, the public school system, the private  
13           prekindergarten system, or a system that allows school districts to contract  
14           with private providers. The Committee shall also examine and make  
15           recommendations on the changes necessary to provide prekindergarten  
16           education to all children three and four years of age through the public school  
17           system, including a timeline and transition plan for such changes. In  
18           conducting its analysis, the Committee shall address the following topics and  
19           questions, which may yield distinct recommendations for children three and  
20           four years of age:

21           (1) Outcomes and quality.

1           (A) What are the benchmarks for “high quality” in prekindergarten  
2           education?

3           (B) How should best practices be implemented and measured across  
4           various prekindergarten education settings?

5           (2) Capacity and demand.

6           (A) How many children, by age, does the current mixed-delivery  
7           system have the capacity to serve? In studying this issue, the Committee shall  
8           consider the number of children on waitlists and the number of vacancies in  
9           programs.

10          (B) What are the workforce requirements to expand prekindergarten  
11          education? In studying this question, the Committee may consider:

12           (i) whether there is a gap between the total number of licensed  
13           teachers currently working and the number needed for expansion;

14           (ii) whether there is a gap between the total prekindergarten  
15           education workforce, including paraeducators, and the number needed for

16           expansion; and

17           (iii) the educational and training costs associated with training and  
18           retaining the workforce necessary for expansion?

19          (C) If prekindergarten education in the public school system is  
20          provided solely to children four years of age, what is the impact on the  
21          capacity and workforce of private prekindergarten providers?

1           (D) If prekindergarten education for children who are four years of  
2           age is provided exclusively through the public school system, how will infant  
3           capacity in private child care providers be impacted?

4           (E) Are there areas of the State where prekindergarten education can  
5           be more effectively and conveniently furnished in an adjacent state due to  
6           geographic considerations?

7           (3) Special education.

8           (A) How many children three and four years of age are currently on  
9           individual education programs receiving services in public and private  
10          settings?

11          (B) Are children three and four years of age on individual education  
12          plans receiving the full range of services that they are entitled to?

13          (C) Does the availability or cost of special education services vary  
14          between private and public prequalified providers?

15          (4) Public school expansion.

16          (A) What infrastructure changes are necessary to expand  
17          prekindergarten education?

18          (B) How would the current prekindergarten education mixed-delivery  
19          system transition to a program within the public school system?

20          (C) What capacity needs to be built for developmentally appropriate  
21          afterschool and out-of-school-time care?

1           (D) Are changes needed to existing health and safety standards for  
2 public schools to accommodate children three and four years of age?

3           (5) Funding and costs.

4           (A) What are fiscally strategic options to sustain and expand  
5 universal prekindergarten education?

6           (B) What is the financial and business impact on regulated private  
7 child care providers if the prekindergarten system transitions to public schools  
8 or is expanded beyond the current 10-hour program?

9           (C) What, if any, changes need to be made to pupil weights for  
10 prekindergarten students?

11           (D) What, if any, changes need to be made to tuition rates for private  
12 prekindergarten programs?

13           (6) Oversight.

14           (A) What additional Agency of Education personnel or resources  
15 would be needed to oversee an expansion of the current prekindergarten  
16 education system under either a mixed-delivery model, a public school system  
17 model, or a system that allows school districts to contract with private  
18 providers?

19           (B) What additional Agency of Human Services personnel or  
20 resources would be needed to oversee an expansion of the current mixed-  
21 delivery model or a private prekindergarten system?

1           (C) Whether additional leadership capacity is needed at the Agency  
2           of Education to address early childhood education, and if so, how should the  
3           leadership capacity be expanded?

4           (d) Assistance. The Committee shall have the administrative, technical,  
5           fiscal, and legal assistance of the Agencies of Education and of Human  
6           Services. If the Agencies are unable to provide the Committee with adequate  
7           support to assist with its technical, fiscal, or legal needs, then the Agency of  
8           Education shall retain a contractor with the necessary expertise to assist the  
9           Committee.

10          (e) Report. On or before December 1, 2023, the Committee shall submit a  
11          written report to the House Committees on Education and on Human Services  
12          and the Senate Committees on Education and on Health and Welfare with its  
13          findings and recommendations based on the analysis conducted pursuant to  
14          subsection (c) of this section. The report shall include draft legislative  
15          language to support the Committee's recommendations.

16          (f) Meetings.

17               (1) The Secretary of Education or designee shall call the first meeting of  
18               the Committee to occur on or before July 15, 2023.

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

20               (3) The Committee shall cease to exist on February 1, 2024.

1       (g) Compensation and reimbursement. Members of the Committee who  
2       are not employees of the State of Vermont and who are not otherwise  
3       compensated or reimbursed for their attendance shall be entitled to per diem  
4       compensation and reimbursement of expenses pursuant to 32 V.S.A. § 1010  
5       for not more than 10 meetings per year. These payments shall be made from  
6       monies appropriated to the Agency of Education.

7       (h) Appropriations.

8           (1) The sum of \$5,000.00 is appropriated to the Agency of Education  
9       from the General Fund in fiscal year 2024 for per diem compensation and  
10       reimbursement of expenses for members of the Committee.

11           (2) The sum of \$100,000.000 is appropriated to the Agency of  
12       Education from the General Fund in fiscal year 2024 for the cost of retaining a  
13       contractor as provided under subsection (d) of this section.

14           (3) Any unused portion of these appropriations shall, as of July 1, 2024,  
15       revert to the General Fund.

16                   \* \* \* Child Care and Child Care Subsidies \* \* \*

17       Sec. 3. 33 V.S.A. § 3512 is amended to read:

18       § 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;

19                   ELIGIBILITY

20           (a)(1) The Child Care Financial Assistance Program is established to  
21       subsidize, to the extent that funds permit, the costs of child care for families



1 that need child care services in order to obtain employment, to retain  
2 employment, or to obtain training leading to employment. Families seeking  
3 employment shall be entitled to participate in the Program for up to three  
4 months and the Commissioner may further extend that period.

5 (2) The subsidy authorized by this subsection shall be established by the  
6 Commissioner, by rule, and shall bear a reasonable relationship to income and  
7 family size. Families shall be found eligible using an income eligibility scale  
8 based on the current federal poverty level and adjusted for the size of the  
9 family. Co-payments shall be assigned to the whole family and shall not  
10 increase if more than one eligible child is enrolled in child care. Families with  
11 an annual gross income of less than or equal to ~~150~~ 185 percent of the current  
12 federal poverty guidelines shall not have a family co-payment. Families with  
13 an annual gross income up to and including ~~350~~ 600 percent of current federal  
14 poverty guidelines, adjusted for family size, shall be eligible for a subsidy  
15 authorized by the subsection. The scale shall be structured so that it  
16 encourages employment. If the federal poverty guidelines decrease in a given  
17 year, the Division shall maintain the previous year's federal poverty guidelines  
18 for the purpose of determining eligibility and benefit amount under this  
19 subsection.

20 (3) Earnings deposited in a qualified child education savings account,  
21 such as the Vermont Higher Education Investment Plan, established in

1 16 V.S.A. § 2877, or any similar plan qualified under 26 U.S.C. § 529, shall be  
2 disregarded in determining the amount of a family's income for the purpose of  
3 determining continuing eligibility.

4 (4) ~~After September 30, 2021,~~ a A regulated center-based child care  
5 program or family child care home as defined by the Department in rule shall  
6 not receive funds pursuant to this subsection that are in excess of the usual and  
7 customary rate for services at the center-based child care program or family  
8 child care home.

9 (5) The Department shall ensure that applications for the Child Care  
10 Financial Assistance Program use a simple, plain-language format.  
11 Applications shall be available in both electronic and paper formats.

12 \* \* \*

13 Sec. 4. PROVIDER RATE ADJUSTMENT; CHILD CARE FINANCIAL  
14 ASSISTANCE PROGRAM

15 On January 1, 2024, the Department for Children and Families shall provide  
16 a one-time adjustment to the child care provider reimbursement rates in the  
17 Child Care Financial Assistance Program for child care services provided to  
18 children from birth through four years of age, including children five years of  
19 age who are not yet enrolled in kindergarten. The adjusted reimbursement rate  
20 shall account for the age of the children served and be 38.5 percent higher than  
21 the fiscal year 2023 five-STAR reimbursement rate in the Vermont STARS

1 system. All providers in the same child care setting category shall receive an  
2 identical reimbursement rate payment, which shall be dependent upon whether  
3 the provider operates a regulated child care center and preschool program or  
4 regulated family child care home.

5 Sec. 5. APPROPRIATION; CHILD CARE FINANCIAL ASSISTANCE  
6 PROGRAM

7 (a) In addition to fiscal year 2024 funds appropriated for the Child Care  
8 Financial Assistance Program in other acts, in fiscal year 2024, \$45,300,000.00  
9 is appropriated from the General Fund to the Department for Children and  
10 Families' Child Development Division for the program eligibility expansion in  
11 Sec. 3 of this act and for the fiscal year 2024 provider rate adjustment in Sec. 4  
12 of this act.

13 (b) In addition to fiscal year 2024 funds appropriated for the administration  
14 of the Department for Children and Families' Child Development Division in  
15 other acts, in fiscal year 2024, \$6,000,000.00 is appropriated from the General  
16 Fund to the Division to administer the Child Care Financial Assistance  
17 Program eligibility expansion in Sec. 3 of this act and for the fiscal year 2024  
18 provider rate adjustment in Sec. 4 of this act.

1       Sec. 6. READINESS PAYMENTS AND GRANTS; CHILD CARE

2                   FINANCIAL ASSISTANCE PROGRAM

3           (a)(1) In fiscal year 2024, \$25,000,000.00 is appropriated from the General  
4           Fund to the Department for Children and Families' Child Development  
5           Division for the purpose of providing payments and grants to child care  
6           providers, as defined in 33 V.S.A. § 3511, delivering child care services to  
7           children birth through four years of age, including children five years of age  
8           who are not yet enrolled in kindergarten, in preparation of the Child Care  
9           Financial Assistance Program eligibility expansion in Sec. 3 of this act and for  
10          the fiscal year 2024 provider rate adjustment in Sec. 4 of this act. Readiness  
11          payments and grants may be used for workforce recruitment or retention  
12          bonuses, or both; child care facility improvement; and any other uses approved  
13          by the Commissioner.

14           (2) Of the funds appropriated in subdivision (1) of this subsection, up to  
15          five percent may be used to contract with a third party to provide technical  
16          assistance to child care providers to build or maintain capacity and to provide  
17          information on the opportunities and requirements of this act.

18           (b) In administering the readiness grant program established by this  
19          section, the Division may either use the same distribution framework used to  
20          distribute Child Care Development Block Grant funds in accordance with the

1 American Rescue Plan Act of 2021 or it may utilize an alternative distribution  
2 framework.

3 (c) The Commissioner shall provide a status report on the distribution of  
4 readiness grants to the to the Joint Fiscal Committee at its November 2023  
5 meeting.

6 Sec. 7. 33 V.S.A. § 3514 is amended to read:

7 § 3514. PAYMENT TO PROVIDERS FOR SCHOOL AGE CHILDREN

8 (a) The Commissioner shall establish a payment schedule for purposes of  
9 reimbursing providers for full- or part-time child care services to children over  
10 four years of age, excluding children five years of age who are not yet enrolled  
11 in kindergarten, rendered to families who participate in the programs  
12 established under section 3512 or 3513 of this title. Payments established  
13 under this section shall reflect the following considerations: whether the  
14 provider operates a licensed child care facility or a registered family child care  
15 home, type of service provided, cost of providing the service, and the  
16 prevailing market rate for comparable service. Payments shall be based on  
17 enrollment status ~~or any other basis agreed to by the provider and the Division.~~

18 \* \* \*

1       Sec. 8. 33 V.S.A. § 3515 is added to read:

2       § 3515. PAYMENT TO PROVIDERS FOR CHILDREN BIRTH THROUGH  
3               FOUR YEARS OF AGE

4           (a) The Commissioner shall establish a payment schedule that accounts for  
5       the age of the children served for the purpose of reimbursing providers for full-  
6       or part-time child care services to children from birth through four years of  
7       age, including children five years of age who are not yet enrolled in  
8       kindergarten, rendered to families who participate in the programs established  
9       under section 3512 or 3513 of this title. All providers in the same child care  
10       setting category shall receive an identical reimbursement rate payment, which  
11       shall be dependent upon whether the provider operates a regulated child care  
12       center and preschool program or regulated family child care home. The rate  
13       used to reimburse providers shall be increased over the previous year's rate  
14       annually on July 1 in alignment with the most recent annual average wage  
15       growth for NAICS code 611, Educational Services, not to fall below zero  
16       percent. Payments shall be based on enrollment.

17           (b) The Commissioner may establish a separate payment schedule for child  
18       care providers who have received training, approved by the Commissioner,  
19       relating to protective or family support services.

1 Sec. 9. 33 V.S.A. § 3516 is added to read:

2 § 3516. CHILD CARE QUALITY AND CAPACITY INCENTIVE

3 PROGRAM

4 (a) The Commissioner shall establish a child care quality and capacity  
5 incentive program for child care providers participating in the Child Care  
6 Financial Assistance Program pursuant to 33 V.S.A. §§ 3512 and 3513  
7 and delivering child care services to children birth through four years of age,  
8 including children who are five years old and not yet enrolled in kindergarten.  
9 Annually, consistent with funds appropriated for this purpose, the  
10 Commissioner shall provide each child care provider with a base incentive  
11 payment dependent upon the child care provider's child care setting category.  
12 A child care provider's base incentive payment shall be supplemented for each  
13 of the following achievements:

14 (1) completing a Commissioner-approved training on protective or  
15 family support services;

16 (2) maintaining five STARS in the Vermont STARS system;

17 (3) achieving an increased STAR level in the Vermont STARS system;

18 (4) maintaining existing infant and toddler capacity;

19 (5) increasing infant and toddler capacity;

20 (6) establishing capacity in regions of the State that are identified by the  
21 Commissioner as underserved; and

1           (7) any other quality- or capacity-specific criteria identified by the  
2           Commissioner.

3           (b) The Commissioner shall maintain a current incentive payment schedule  
4           on the Department's website.

5           Sec. 10. 33 V.S.A. § 3517 is added to read:

6           § 3517. CHILD CARE WAITLIST AND APPLICATION FEES

7           A child care provider shall not charge an application or waitlist fee for child  
8           care services where the applying child qualifies for the Child Care Financial  
9           Assistance Program pursuant to section 3512 or 3513 of this title. A child care  
10           provider shall reimburse an individual who is charged an application or waitlist  
11           fee for child care services if it is later determined that the applying child  
12           qualified for the Child Care Financial Assistance Program at the time the fee or  
13           fees were paid.

14           Sec. 11. PROVIDER COMPENSATION AND TOTAL COST OF CARE;

15                           RECOMMENDATIONS

16           (a) On or before November 1, 2023, the Department for Children and  
17           Families, in consultation with the Department of Labor, the Agency of  
18           Education, Building Bright Futures, and the Vermont Association for the  
19           Education of Young Children, shall submit a report to the House Committee  
20           on Human Services and to the Senate Committee on Health and Welfare  
21           addressing the following:



1           (1) whether and how to integrate a tiered professional pay scale for  
2           professionals who provide child care services as part of the Child Care  
3           Financial Assistance Program;

4           (2) the structure of tiered professional pay scales for professionals who  
5           provide child care services that have been implemented in other jurisdictions,  
6           including in New Mexico and the District of Columbia; and

7           (3) the appropriate legal mechanism to implement any approved tiered  
8           professional pay scale for professionals who provide child care services,  
9           including consideration of statute, rule, departmental guidance, or some other  
10          appropriate mechanism.

11          (b) On or before November 1, 2024, the Department for Children and  
12          Families, in consultation with the Department of Labor, the Agency of  
13          Education, Building Bright Futures, and the Vermont Association for the  
14          Education of Young Children, shall submit to the House Committee on Human  
15          Services and to the Senate Committee on Health and Welfare:

16               (1) A tiered professional pay scale for professionals who provide child  
17               care services as defined in 33 V.S.A. § 3511 that is designed to provide  
18               professionals who provide child care services with compensation comparable  
19               to that received by early childhood educators in Vermont's public school  
20               system who serve children from prekindergarten through grade three. The  
21               tiered professional pay scale shall account for professionals' credentialing and

1 professional child care experience and shall include the addition of an  
2 appropriate fringe benefit rate. In developing the tiered professional pay scale,  
3 the Department for Children and Families shall refer to the child care and early  
4 childhood education financing study required pursuant to 2021 Acts and  
5 Resolves No. 45, Sec. 14.

6 (2) A formula to calculate the total cost of care to serve children in a  
7 regulated child care facility as defined in 33 V.S.A. § 3511.

8 Sec. 12. 33 V.S.A. chapter 35, subchapter 6 is added to read:

9 Subchapter 6. Child Care Assistance for Additional Populations

10 § 3551. NONCITIZEN CHILD CARE ASSISTANCE PROGRAM;

11 LEGISLATIVE INTENT

12 In establishing the Noncitizen Child Care Assistance Program to provide  
13 child care subsidies for children who are not eligible for the Child Care  
14 Financial Assistance Program because of their citizenship status, it is the intent  
15 of the General Assembly that the benefits and eligibility criteria set forth in  
16 section 3552 of this chapter should align to the greatest extent practicable with  
17 the benefits and eligibility criteria in CCFAP as set forth in section 3512 of this  
18 chapter and corresponding rule.

19 § 3552. NONCITIZEN CHILD CARE ASSISTANCE PROGRAM

20 SUBSIDIES FOR CERTAIN VERMONT RESIDENTS

1       (a) For purposes of this section, the phrase “Vermont residents who have a  
2       citizenship status for which Child Care Financial Assistance Program  
3       (CCFAP) participation is not available” includes children of migrant workers  
4       who are employed in seasonal occupations in this State.

5       (b) The Department for Children and Families shall provide State-funded  
6       child care subsidies equivalent to those offered in the Child Care Financial  
7       Assistance Program (CCFAP) to Vermont residents who have a citizenship  
8       status for which CCFAP participation is not available and meet the service  
9       need and income eligibility standards established by the Department in rule.

10       (c)(1) The Department shall not inquire about or record the citizenship and  
11       immigration status of the applicant’s family.

12       (2) The Department shall not record the citizenship and immigration  
13       status of the applicant.

14       (3) All applications submitted and records created pursuant to this  
15       section shall be exempt from public inspection and copying under the Public  
16       Records Act and shall be kept confidential. Absent a request for information  
17       by a U.S. agency pursuant to federal law, the Department shall not disclose any  
18       personally identifiable information regarding applicants or enrollees to the U.S.  
19       government.

20       (d) The Department for Children and Families may adopt rules in  
21       accordance with 3 V.S.A. chapter 25 to carry out the purposes of this section.

1       Sec. 13. DEPARTMENT FOR CHILDREN AND FAMILIES; NONCITIZEN  
2                   CHILD CARE ASSISTANCE PROGRAM SUBSIDIES; FISCAL  
3                   YEAR 2025 ESTIMATE

4           The Department for Children and Families shall provide information on the  
5           estimated fiscal year 2025 costs of providing coverage to Vermont residents  
6           who have a citizenship status for which Child Care Financial Assistance  
7           Program participation is not available pursuant to 33 V.S.A. § 3552 beginning  
8           on July 1, 2024 as part of the Department's fiscal year 2025 budget  
9           presentation to the House Committees on Appropriations and on Human  
10          Services and the Senate Committees on Appropriations and on Health and  
11          Welfare.

12                           \* \* \* Special Accommodations Grant \* \* \*

13       Sec. 14. REPORT; SPECIAL ACCOMMODATIONS GRANT

14          On or before January 15, 2024, the Department for Children and Families'  
15          Child Development Division shall submit a report to the House Committee on  
16          Human Services and to the Senate Committee on Health and Welfare  
17          providing a proposal to streamline the application process for special  
18          accommodation grants, including:

19               (1) the suitability of moving to a 12-month grant cycle and for which  
20          populations;

1           (2) improving support and training for providing inclusive care for  
2           children with special needs;

3           (3) determining how to better meet the early learning needs of children  
4           with disabilities within a child care setting; and

5           (4) any other proposals the Department deems essential to the goal of  
6           streamlining the application process for special accommodation grants.

7                           \* \* \* Transitional Assistance and Governance \* \* \*

8           Sec. 15. BUILDING BRIGHT FUTURES; TECHNICAL ASSISTANCE;  
9                           STAKEHOLDER ENGAGEMENT

10           Of the funds appropriated in Sec. 6 (readiness payments and grants; child  
11           care financial assistance program) of this act, up to \$250,000.00 may be used  
12           by the Department for Children and Families' Child Development Division to  
13           contract for stakeholder engagement and technical assistance services from  
14           Building Bright Futures for the purposes of implementing the Division's duties  
15           in accordance with Sec. 2 (Prekindergarten Education Study Committee), Sec.  
16           11 (provider compensation and total cost of care; recommendations), Sec. 12  
17           (Noncitizen Child Care Assistance Program), and Sec. 14 (report; special  
18           accommodations grant) of this act.

19           Sec. 16. REPORT; CHILD CARE SYSTEM GOVERNANCE

20           (a) The Secretary of Human Services shall conduct an assessment on the  
21           organizational structure of the Department for Children and Families that takes

1 into consideration the investments in and expansion of early education and  
2 child care pursuant to this act. On or before January 15, 2024, the Secretary  
3 shall submit a report to the House Committees on Appropriations, on  
4 Government Operations, and on Human Services and to the Senate  
5 Committees on Appropriations, on Government Operations, and on Health and  
6 Welfare containing recommendations regarding the Department's  
7 organizational structure that shall:

8 (1) identify a Departmental structure that provides the appropriate  
9 alignment of programs and functions to best meet the needs of Vermonters  
10 being served by the Department, including:

11 (A) options for placing significant Departmental duties in one or  
12 more other departments;

13 (B) the impact of reorganizing the Department on other departments  
14 and agencies in State government;

15 (C) the potential service delivery benefits and operational  
16 improvements of reorganizing the Department, including any impacts on staff;  
17 and

18 (D) the fiscal impact of recommended changes to the Department's  
19 structure, including all administrative resources needed to ensure successful  
20 operation of the new structure; and

1           (2) identify the transition planning needed to reorganize the  
2           Department's structure, including administrative and project management  
3           support, risk mitigation and management, and a proposed transition timeline.

4           (b) The Secretary may utilize funds appropriated for administrative  
5           purposes to contract a consultant to assist with the assessment required  
6           pursuant to this section.

7   \* \* \* Repeals; Child Tax Credit \* \* \*

8           Sec. 17. REPEALS; CHILD TAX CREDIT

9           The following are repealed:

10           (1) 32 V.S.A. § 5830f (Vermont child tax credit); and

11           (2) 32 V.S.A. § 5813(y) (statutory purpose; Vermont child tax credit).

12   \* \* \* Child Care and Parental Leave Contribution \* \* \*

13           Sec. 18. 32 V.S.A. chapter 246 is added to read:

14   CHAPTER 246. CHILD CARE AND PARENTAL LEAVE

15   CONTRIBUTION

16           § 10551. PURPOSE

17           The Child Care and Parental Leave Contribution is established to provide  
18           funding for the Child Care Financial Assistance Program established in 33  
19           V.S.A. §§ 3512 and 3513, including the provision of incentive payments  
20           pursuant to 33 V.S.A. § 3517, and the Parental Leave Benefit Program  
21           established pursuant to 33 V.S.A. § 2201.

1     § 10552. DEFINITIONS

2         As used in this chapter:

3             (1) “Covered wages” means wages paid to an employer  
4     up to the amount of the Social Security Contribution and Benefit Base.

5             (2) “Employee” means an individual who receives payments with  
6     respect to services performed for an employer from which the employer is  
7     required to withhold Vermont income tax pursuant to chapter 151, subchapter  
8     4 of this title.

9             (3) “Employer” means a person who employs one or more employees  
10    who is required to withhold income tax from wages paid to the employees  
11    pursuant to chapter 151, subchapter 4 of this title.

12            (4) “Self-employed individual” means a sole proprietor or partner owner  
13    of an unincorporated business, the sole member of a limited liability company,  
14    or the sole shareholder of a corporation.

15            (5) “Self-employment income” has the same meaning as in 26 U.S.C.  
16    § 1402.

17            (6) “Wages” means payments that are included in the definition of  
18    wages set forth in 26 U.S.C. § 3401.

19     § 10553. CONTRIBUTION; RATE; COLLECTION

20            (a)(1) Each employer shall pay the Child Care and Parental Leave  
21    Contribution on all covered wages paid to each of the employer’s employees



1 and shall remit those amounts to the Department of Taxes pursuant to the  
2 provisions of this section. An employer may deduct and withhold from an  
3 employee's covered wages an amount equal to not more than one quarter of the  
4 contribution required pursuant to subsection (b) of this section. An employer  
5 shall pay the contributions required pursuant to this section as if the  
6 contributions were Vermont income tax subject to the withholding  
7 requirements of chapter 151, subchapter 4 of this title, including the  
8 requirements relating to the time and manner of payment.

9 (2) Each self-employed individual shall pay the Child Care and Parental  
10 Leave Contribution on the individual's self-employment income and shall  
11 remit those amounts to the Department of Taxes pursuant to the provisions of  
12 this section. A self-employed individual shall make installment payments of  
13 estimated contributions pursuant to this subdivision from the enrolled self-  
14 employed individual's self-employment income as if the contributions were  
15 Vermont income tax subject to the estimated payment requirements of 32  
16 V.S.A. chapter 151, subchapter 5, including the time and manner of payment.

17 (b) The contribution rate shall be 0.42 percent of each employee's covered  
18 wages and each self-employed individual's self-employment income.

19 (c)(1) The Department shall collect the contributions required pursuant to  
20 this section. The administrative and enforcement provisions of chapter 151 of  
21 this title shall apply to the contribution requirements under this section as if the

1 contributions required pursuant to this section were Vermont income tax,  
2 except penalty and interest shall apply according to chapter 103 of this title.

3 (2) Employers shall be responsible for the full amount of any unpaid  
4 contributions due pursuant to subdivision (a)(1) of this section. Self-employed  
5 individuals shall be responsible for the full amount of any unpaid contributions  
6 due pursuant to subdivision (a)(2) of this section.

7 § 10554. CHILD CARE AND PARENTAL LEAVE CONTRIBUTION

8 SPECIAL FUND

9 (a) The Child Care and Parental Leave Contribution Special Fund is  
10 created pursuant to chapter 7, subchapter 5 of this title and shall be  
11 administered by the Department for Children and Families and the Department  
12 of Taxes. Monies in the Fund may be expended by the Department of Taxes  
13 for the administration of the Child Care and Parental Leave Contribution  
14 created under this chapter, by the Department for Children and Families for  
15 benefits provided by the Child Care Financial Assistance Program established  
16 in 33 V.S.A. §§ 3512 and 3513, including the provision of incentive payments  
17 pursuant to 33 V.S.A. § 3517 and under the Parental Leave Benefit Program  
18 established pursuant to 33 V.S.A. § 2201, and by the Departments for  
19 necessary costs incurred in administering the Fund. All interest earned on  
20 Fund balances shall be credited to the Fund.

21 (b) The Fund shall consist of:

1           (1) contributions collected or recovered pursuant to section 10553 of  
2 this title;

3           (2) any amounts transferred or appropriated to the Fund by the General  
4 Assembly; and

5           (3) any interest earned by the Fund.

6           (c) The Departments may seek and accept grants from any source, public or  
7 private, to be dedicated for deposit into the Fund.

8       Sec. 19. CHILD CARE AND PARENTAL LEAVE CONTRIBUTION  
9               POSITIONS AND APPROPRIATION

10           (a) The establishment of the following 15 new permanent classified  
11 positions is authorized in the Department of Taxes in fiscal year 2024:

12           (1) eight full-time, classified tax examiners within the Taxpayer  
13 Services Division;

14           (2) two full-time, classified tax examiners within the Compliance  
15 Division;

16           (3) three full-time, classified tax compliance officers within the  
17 Compliance Division;

18           (4) one full-time, classified financial specialist III within the Revenue  
19 Accounting and Returns Processing Division; and

20           (5) one business analyst–tax within the VTax Division.

1       (b) In fiscal year 2024, the amount of \$4,200,00.00 is appropriated from the  
2       General Fund to the Department of Taxes to be used for the implementation of  
3       the Child Care and Parental Leave Contribution pursuant to 32 V.S.A. chapter  
4       246 created by this act.

5                               \* \* \* Parental Leave Benefit Program \* \* \*

6       Sec. 20. 33 V.S.A. chapter 22 is added to read:

7                               CHAPTER 22. PARENTAL LEAVE BENEFIT PROGRAM

8       § 2201. PARENTAL LEAVE BENEFIT PROGRAM

9       (a) An eligible parent may apply to the Department for Children and  
10       Families to receive a parental leave benefit for a period during which the  
11       eligible parent is unable to work because the parent is caring for one or more  
12       children who were born or adopted within the preceding 12 months if the  
13       eligible parent is:

14               (1) either employed or self-employed prior to the birth or adoption of a  
15       child; and

16               (2) intends to either:

17                       (A) return to employment or self-employment after the parental  
18       leave; or

19                       (B) seek new employment or self-employment after the parental  
20       leave.

1       (b)(1) The benefits provided pursuant to this section shall be available for  
2       leaves for births or adoptions that occur on or after January 1, 2024.

3               (2)(A) Benefits shall be available for a maximum period of 12 weeks  
4       during the year following a birth or adoption.

5               (B) Benefits may be used either by one parent or shared between two  
6       parents, provided that the use of benefits by two parents shall not increase the  
7       length of the benefit period provided pursuant to this section.

8               (C) Benefits may be provided for:

9                       (i) a single continuous leave;

10                      (ii) intermittent leaves; or

11                      (iii) for a portion of a week in which the eligible parent works  
12       part-time, provided that benefits shall only be provided for days on which the  
13       eligible parent does not work.

14               (3)(A) The weekly benefit provided to an eligible parent shall be  
15       \$600.00 per week or the eligible parent's average weekly wage or self-  
16       employment income during the six-month period preceding the  
17       commencement of the leave, whichever is less. If the leave benefit is shared  
18       between two eligible parents, the benefit amount for each eligible parent's  
19       leave shall be determined separately from the other eligible parent's portion of  
20       the leave.

1           (B) The benefit amount shall be calculated in increments of one full  
2           day, which shall be one-fifth of the eligible parent’s weekly benefit amount.  
3           For eligible parents who are working part-time, the eligible parent’s weekly  
4           benefit amount shall be prorated based on the number of days on which the  
5           eligible parent works in that week.

6           (4) The benefit shall be paid by the Department to the eligible parent  
7           within 14 days after the Department approves the parent’s application or within  
8           14 days after the parental leave begins, whichever is last occurring, and  
9           subsequent payments shall be made biweekly.

10          (c)(1) The Department shall develop an application for the parental leave  
11          benefit using a simple, plain-language format, which shall be available in both  
12          electronic and paper formats.

13          (2) The Department shall develop and make available on the  
14          Department’s website information and materials to educate the public  
15          regarding the availability of the parental leave benefit and the requirements to  
16          obtain the benefit.

17          (d)(1) To receive the parental leave benefit, an eligible parent shall submit:

18                 (A) an application;

19                 (B) either:

1           (i) a signed certification from the eligible parent’s employer that  
2           the eligible parent is currently employed by the employer or was employed by  
3           the employer within 30 days prior to the beginning of the parental leave; or

4           (ii) proof of self-employment income earned in Vermont during  
5           the prior calendar year or, if the individual did not earn self-employment  
6           income in Vermont during the prior calendar year, proof of self-employment  
7           income earned in Vermont during the current calendar year; and

8           (C) a statement of intent to return to employment or self-employment  
9           or to seek new employment or self-employment following the parental leave.

10           (2) An eligible parent may submit an application and other required  
11           materials to the Department in anticipation of a birth or the initial placement of  
12           a child for adoption or during the eligible parent’s parental leave. The  
13           Department shall provide retroactive payments to an eligible parent, provided  
14           the completed application and other required materials are received not more  
15           than eight weeks after the leave began.

16           (e)(1) Benefits paid pursuant to this section may be used as wage  
17           replacement for a leave taken pursuant to 21 V.S.A. § 472 or the federal  
18           Family and Medical Leave Act, 29 U.S.C. §§ 2611–2654.

19           (2) The receipt of benefits paid pursuant to this section shall not extend  
20           the leave provided pursuant to 21 V.S.A. § 472 or the federal Family and  
21           Medical Leave Act.

1           (3) Nothing in this section shall be construed to alter the job protection  
2           and employment-related rights provided pursuant to 21 V.S.A. § 472 or the  
3           federal Family and Medical Leave Act or to provide job protection or  
4           employment-related rights that are in addition to the rights provided pursuant  
5           to those laws.

6           (f) As used in this section:

7           (1) “Eligible parent” means an individual who is domiciled in Vermont  
8           whose annual gross family income is not more than 600 percent of the current  
9           federal poverty level and who is either:

10           (A) the parent of a child born within the preceding 12 months; or

11           (B) an individual with whom the initial placement of a child 10 years  
12           of age or younger for purposes of adoption has occurred within the preceding  
13           12 months.

14           (2) “Parent” means an individual who:

15           (A) is a parent to a child, regardless of whether the relationship is a  
16           biological, adoptive, or step relationship; or

17           (B) has day-to-day responsibilities to care for and financially support  
18           a child.

19           (3) “Parental leave” means a leave of absence from employment or self-  
20           employment by an eligible parent following:

21           (A) the birth of the eligible parent’s child; or



1           (B) the initial placement of a child 10 years of age or younger with  
2           the eligible parent for purposes of adoption.

3           Sec. 21. APPROPRIATIONS; PARENTAL LEAVE BENEFIT PROGRAM

4           (a) In fiscal year 2024, \$2,000,000.00 is appropriated from the General  
5           Fund to the Department for Children and Families' Child Development  
6           Division for the implementation and administration of the Parental Leave  
7           Benefit Program in accordance with of 33 V.S.A. chapter 22. The Division  
8           may contract with a third party to administer the Parental Leave Benefit  
9           Program.

10          (b) In fiscal year 2024, \$5,600,000.00 is appropriated from the General  
11          Fund to the Department for Children and Families' Child Development  
12          Division for the benefit costs associated with the Parental Leave Benefit  
13          Program pursuant 33 V.S.A. chapter 22.

14                                   \* \* \* Effective Dates \* \* \*

15          Sec. 22. EFFECTIVE DATES

16          (a) Except as provided in subsection (b) of this section, this act shall take  
17          effect on July 1, 2023, with the Department for Children and Families making  
18          child care subsidies available to Vermont residents who have an immigration  
19          status for which Child Care Financial Assistance Program participation is not  
20          available pursuant to 33 V.S.A. § 3552 beginning on July 1, 2024, subject to  
21          fiscal year 2025 appropriations for this purpose.

1       (b)(1) Sec. 3 (Child Care Financial Assistance Program; eligibility), Sec. 4  
2       (provider rate adjustment; Child Care Financial Assistance Program), Sec. 7  
3       (payment to providers for school age children), Sec. 8 (payment to providers  
4       for children birth through four years of age), and Sec. 9 (child care quality and  
5       capacity incentive program) shall take effect on January 1, 2024, except that  
6       the Commissioner for Children and Families shall adopt any rules necessary  
7       prior to that date in order to perform the Commissioner's duties under this act.

8       (2) Notwithstanding 1 V.S.A. § 214, Sec. 17 (repeals; child tax credit)  
9       shall take effect retroactively on January 1, 2023 and shall apply to taxable  
10       years beginning on and after January 1, 2023.

11       (3) Sec. 18 (32 V.S.A. chapter 246, child care and parental leave  
12       contribution) shall take effect on July 1, 2024.

13       (4) Sec. 20 (relating to the Parental Leave Benefit Program) shall take  
14       effect on January 1, 2024.