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

1. the Secretary of Education or designee, who shall serve as chair;
2. the Secretary of Human Services or designee;
3. the Executive Director of the Vermont Principals’ Association or designee;
4. the Executive Director of the Vermont Superintendents Association or designee;
5. the Executive Director of the Vermont School Board Association or designee;
6. the Executive Director of the Vermont National Education Association or designee;
7. the Chair of the Vermont Council of Special Education Administrators or designee;
8. the Executive Director of the Vermont Curriculum Leaders Association or designee;
9. the Executive Director of Building Bright Futures or designee;
10. a representative of a prequalified private provider as defined in 16 V.S.A. § 829, operating a licensed center-based child care and preschool program, appointed by the Speaker of the House;
(11) a representative of a prequalified private provider as defined in 16 V.S.A. § 829, operating a regulated family child care home, appointed by the Committee on Committees;

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

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

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

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

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

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

(2) Capacity and demand.

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

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

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

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

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

(C) If prekindergarten education in the public school system is provided solely to children four years of age, what is the impact on the capacity and workforce of private prekindergarten providers?
(D) If prekindergarten education for children who are four years of age is provided exclusively through the public school system, how will infant capacity in private child care providers be impacted?

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

(3) Special education.

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

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

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

(4) Public school expansion.

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

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

(C) What capacity needs to be built for developmentally appropriate afterschool and out-of-school-time care?
(D) Are changes needed to existing health and safety standards for public schools to accommodate children three and four years of age?

(5) Funding and costs.

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

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

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

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

(6) Oversight.

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

(B) What additional Agency of Human Services personnel or resources would be needed to oversee an expansion of the current mixed-delivery model or a private prekindergarten system?
(C) Whether additional leadership capacity is needed at the Agency of Education to address early childhood education, and if so, how should the leadership capacity be expanded?

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

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

(f) Meetings.

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

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

(3) The Committee shall cease to exist on February 1, 2024.
(g) Compensation and reimbursement. Members of the Committee who are not employees of the State of Vermont and who are not otherwise compensated or reimbursed for their attendance shall be entitled to per diem compensation and reimbursement of expenses pursuant to 32 V.S.A. § 1010 for not more than 10 meetings per year. These payments shall be made from monies appropriated to the Agency of Education.

(h) Appropriations.

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

(2) The sum of $100,000.00 is appropriated to the Agency of Education from the General Fund in fiscal year 2024 for the cost of retaining a contractor as provided under subsection (d) of this section.

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

*** Child Care and Child Care Subsidies ***

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

§ 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;

ELIGIBILITY

(a)(1) The Child Care Financial Assistance Program is established to subsidize, to the extent that funds permit, the costs of child care for families
that need child care services in order to obtain employment, to retain employment, or to obtain training leading to employment. Families seeking employment shall be entitled to participate in the Program for up to three months and the Commissioner may further extend that period.

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

(3) Earnings deposited in a qualified child education savings account, such as the Vermont Higher Education Investment Plan, established in
16 V.S.A. § 2877, or any similar plan qualified under 26 U.S.C. § 529, shall be disregarded in determining the amount of a family’s income for the purpose of determining continuing eligibility.

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

(5) The Department shall ensure that applications for the Child Care Financial Assistance Program use a simple, plain-language format.

Applications shall be available in both electronic and paper formats.

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

On January 1, 2024, the Department for Children and Families shall provide a one-time adjustment to the child care provider reimbursement rates in the Child Care Financial Assistance Program for child care services provided to children from birth through four years of age, including children five years of age who are not yet enrolled in kindergarten. The adjusted reimbursement rate shall account for the age of the children served and be 38.5 percent higher than the fiscal year 2023 five-STAR reimbursement rate in the Vermont STARS
system. All providers in the same child care setting category shall receive an identical reimbursement rate payment, which shall be dependent upon whether the provider operates a regulated child care center and preschool program or regulated family child care home.

Sec. 5. APPROPRIATION; CHILD CARE FINANCIAL ASSISTANCE PROGRAM

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

(b) In addition to fiscal year 2024 funds appropriated for the administration of the Department for Children and Families’ Child Development Division in other acts, in fiscal year 2024, $6,000,000.00 is appropriated from the General Fund to the Division to administer the Child Care Financial Assistance Program eligibility expansion in Sec. 3 of this act and for the fiscal year 2024 provider rate adjustment in Sec. 4 of this act.
Sec. 6. READINESS PAYMENTS AND GRANTS; CHILD CARE
FINANCIAL ASSISTANCE PROGRAM

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

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

(b) In administering the readiness grant program established by this section, the Division may either use the same distribution framework used to distribute Child Care Development Block Grant funds in accordance with the
American Rescue Plan Act of 2021 or it may utilize an alternative distribution framework.

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

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

§ 3514. PAYMENT TO PROVIDERS FOR SCHOOL AGE CHILDREN

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

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

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

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

(b) The Commissioner may establish a separate payment schedule for child care providers who have received training, approved by the Commissioner, relating to protective or family support services.
Sec. 9. 33 V.S.A. § 3516 is added to read:

§ 3516. CHILD CARE QUALITY AND CAPACITY INCENTIVE PROGRAM

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

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

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

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

(4) maintaining existing infant and toddler capacity;

(5) increasing infant and toddler capacity;

(6) establishing capacity in regions of the State that are identified by the Commissioner as underserved; and
(7) any other quality- or capacity-specific criteria identified by the Commissioner.

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

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

§ 3517. CHILD CARE WAITLIST AND APPLICATION FEES

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

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

RECOMMENDATIONS

(a) On or before November 1, 2023, the Department for Children and Families, in consultation with the Department of Labor, the Agency of Education, Building Bright Futures, and the Vermont Association for the Education of Young Children, shall submit a report to the House Committee on Human Services and to the Senate Committee on Health and Welfare addressing the following:
(1) whether and how to integrate a tiered professional pay scale for professionals who provide child care services as part of the Child Care Financial Assistance Program;

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

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

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

(1) A tiered professional pay scale for professionals who provide child care services as defined in 33 V.S.A. § 3511 that is designed to provide professionals who provide child care services with compensation comparable to that received by early childhood educators in Vermont’s public school system who serve children from prekindergarten through grade three. The tiered professional pay scale shall account for professionals’ credentialing and
professional child care experience and shall include the addition of an appropriate fringe benefit rate. In developing the tiered professional pay scale, the Department for Children and Families shall refer to the child care and early childhood education financing study required pursuant to 2021 Acts and Resolves No. 45, Sec. 14.

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

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

Subchapter 6. Child Care Assistance for Additional Populations

§ 3551. NONCITIZEN CHILD CARE ASSISTANCE PROGRAM;

LEGISLATIVE INTENT

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

§ 3552. NONCITIZEN CHILD CARE ASSISTANCE PROGRAM

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

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

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

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

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

(d) The Department for Children and Families may adopt rules in accordance with 3 V.S.A. chapter 25 to carry out the purposes of this section.
Sec. 13. DEPARTMENT FOR CHILDREN AND FAMILIES; NONCITIZEN

CHILD CARE ASSISTANCE PROGRAM SUBSIDIES; FISCAL YEAR 2025 ESTIMATE

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

*** Special Accommodations Grant ***

Sec. 14. REPORT; SPECIAL ACCOMMODATIONS GRANT

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

(1) the suitability of moving to a 12-month grant cycle and for which populations;
(2) improving support and training for providing inclusive care for
children with special needs;

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

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

* * * Transitional Assistance and Governance * * *

Sec. 15. BUILDING BRIGHT FUTURES; TECHNICAL ASSISTANCE;

STAKEHOLDER ENGAGEMENT

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

Sec. 16. REPORT; CHILD CARE SYSTEM GOVERNANCE

(a) The Secretary of Human Services shall conduct an assessment on the
organizational structure of the Department for Children and Families that takes
into consideration the investments in and expansion of early education and
child care pursuant to this act. On or before January 15, 2024, the Secretary
shall submit a report to the House Committees on Appropriations, on
Government Operations, and on Human Services and to the Senate
Committees on Appropriations, on Government Operations, and on Health and
Welfare containing recommendations regarding the Department’s
organizational structure that shall:

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

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

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

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

(D) the fiscal impact of recommended changes to the Department’s
structure, including all administrative resources needed to ensure successful
operation of the new structure; and
(2) identify the transition planning needed to reorganize the
Department’s structure, including administrative and project management
support, risk mitigation and management, and a proposed transition timeline.

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

* * * Repeals; Child Tax Credit * * *

Sec. 17. REPEALS; CHILD TAX CREDIT

The following are repealed:

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

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

* * * Child Care and Parental Leave Contribution * * *

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

CHAPTER 246. CHILD CARE AND PARENTAL LEAVE

CONTRIBUTION

§ 10551. PURPOSE

The Child Care and Parental Leave Contribution is established to provide
funding for the Child Care Financial Assistance Program established in 33
V.S.A. §§ 3512 and 3513, including the provision of incentive payments
pursuant to 33 V.S.A. § 3517, and the Parental Leave Benefit Program
established pursuant to 33 V.S.A. § 2201.
§ 10552. DEFINITIONS

As used in this chapter:

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

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

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

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

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

§ 10553. CONTRIBUTION; RATE; COLLECTION

(a)(1) Each employer shall pay the Child Care and Parental Leave Contribution on all covered wages paid to each of the employer’s employees
and shall remit those amounts to the Department of Taxes pursuant to the provisions of this section. An employer may deduct and withhold from an employee’s covered wages an amount equal to not more than one quarter of the contribution required pursuant to subsection (b) of this section. An employer shall pay the contributions required pursuant to this section as if the contributions were Vermont income tax subject to the withholding requirements of chapter 151, subchapter 4 of this title, including the requirements relating to the time and manner of payment.

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

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

(c)(1) The Department shall collect the contributions required pursuant to this section. The administrative and enforcement provisions of chapter 151 of this title shall apply to the contribution requirements under this section as if the
contributions required pursuant to this section were Vermont income tax, except penalty and interest shall apply according to chapter 103 of this title.

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

§ 10554. CHILD CARE AND PARENTAL LEAVE CONTRIBUTION SPECIAL FUND

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

(b) The Fund shall consist of:
(1) contributions collected or recovered pursuant to section 10553 of
this title;

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

(3) any interest earned by the Fund.

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

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

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

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

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

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

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

(5) one business analyst–tax within the VTax Division.
(b) In fiscal year 2024, the amount of $4,200,00.00 is appropriated from the General Fund to the Department of Taxes to be used for the implementation of the Child Care and Parental Leave Contribution pursuant to 32 V.S.A. chapter 246 created by this act.

*** Parental Leave Benefit Program ***

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

CHAPTER 22. PARENTAL LEAVE BENEFIT PROGRAM

§ 2201. PARENTAL LEAVE BENEFIT PROGRAM

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

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

(2) intends to either:

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

(B) seek new employment or self-employment after the parental leave.
(b)(1) The benefits provided pursuant to this section shall be available for leaves for births or adoptions that occur on or after January 1, 2024.

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

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

(C) Benefits may be provided for:

(i) a single continuous leave;

(ii) intermittent leaves; or

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

(3)(A) The weekly benefit provided to an eligible parent shall be $600.00 per week or the eligible parent's average weekly wage or self-employment income during the six-month period preceding the commencement of the leave, whichever is less. If the leave benefit is shared between two eligible parents, the benefit amount for each eligible parent’s leave shall be determined separately from the other eligible parent’s portion of the leave.
(B) The benefit amount shall be calculated in increments of one full day, which shall be one-fifth of the eligible parent’s weekly benefit amount. For eligible parents who are working part-time, the eligible parent’s weekly benefit amount shall be prorated based on the number of days on which the eligible parent works in that week.

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

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

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

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

(A) an application;

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

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

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

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

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

(2) The receipt of benefits paid pursuant to this section shall not extend the leave provided pursuant to 21 V.S.A. § 472 or the federal Family and Medical Leave Act.
(3) Nothing in this section shall be construed to alter the job protection and employment-related rights provided pursuant to 21 V.S.A. § 472 or the federal Family and Medical Leave Act or to provide job protection or employment-related rights that are in addition to the rights provided pursuant to those laws.

(f) As used in this section:

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

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

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

(2) “Parent” means an individual who:

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

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

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

(A) the birth of the eligible parent’s child; or
(B) the initial placement of a child 10 years of age or younger with
the eligible parent for purposes of adoption.

Sec. 21. APPROPRIATIONS; PARENTAL LEAVE BENEFIT PROGRAM

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

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

* * * Effective Dates * * *

Sec. 22. EFFECTIVE DATES

(a) Except as provided in subsection (b) of this section, this act shall take
effect on July 1, 2023, with the Department for Children and Families making
child care subsidies available to Vermont residents who have an immigration
status for which Child Care Financial Assistance Program participation is not
available pursuant to 33 V.S.A. § 3552 beginning on July 1, 2024, subject to
fiscal year 2025 appropriations for this purpose.
(b)(1) Sec. 3 (Child Care Financial Assistance Program; eligibility), Sec. 4 (provider rate adjustment; Child Care Financial Assistance Program), Sec. 7 (payment to providers for school age children), Sec. 8 (payment to providers for children birth through four years of age), and Sec. 9 (child care quality and capacity incentive program) shall take effect on January 1, 2024, except that the Commissioner for Children and Families shall adopt any rules necessary prior to that date in order to perform the Commissioner’s duties under this act.

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

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

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