

1 S.148

2 Introduced by Committee on Health and Welfare

3 Date:

4 Subject: Human services; child care; Child Care Financial Assistance

5 Program; providers

6 Statement of purpose of bill as introduced: This bill proposes to establish the
7 Prekindergarten Education Study Committee. It proposes to expand eligibility
8 in the Child Care Financial Assistance Program. It further proposes to enhance
9 rates to child care providers participating in the Child Care Financial
10 Assistance Program. This bill proposes a mechanism to distribute readiness
11 grants and payments to child care providers and implements an incentive
12 program for child care providers meeting certain criteria. It further proposes to
13 create a noncitizen child benefit and study the organization of the Department
14 for Children and Families. This bill proposes to repeal the child tax credit and
15 create a parental leave benefit and corresponding child care and parental leave
16 contribution.

17 An act relating to child care and early childhood education

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

2 * * * Legislative Intent * * *

3 Sec. 1. LEGISLATIVE INTENT

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

6 (1) increase access to and the quality of child care services throughout
7 the State;

8 (2) provide financial stability to child care programs;

9 (3) stabilize Vermont's talented child care workforce;

10 (4) address the workforce needs of the State's employers; and

11 (5) provide policy recommendations for expanding access and capacity
12 in Vermont's prekindergarten system.

13 * * * Prekindergarten * * *

14 Sec. 2. PREKINDERGARTEN EDUCATION STUDY COMMITTEE;

15 REPORT

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

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

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

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

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

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

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

17 (1) Outcomes and quality.

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

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

1 (2) Capacity and demand.

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

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

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

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

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

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

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

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

4 (3) Special education.

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

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

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

12 (4) Public school expansion.

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

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

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

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

21 (5) Funding and costs.

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

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

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

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

10 (6) Oversight.

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

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

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

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

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

13 (f) Meetings.

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

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

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

18 (g) Compensation and reimbursement. Members of the Committee who
19 are not employees of the State of Vermont and who are not otherwise
20 compensated or reimbursed for their attendance shall be entitled to per diem
21 compensation and reimbursement of expenses pursuant to 32 V.S.A. § 1010

1 for not more than 10 meetings per year. These payments shall be made from
2 monies appropriated to the Agency of Education.

3 (h) Appropriations.

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

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

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

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

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

14 § 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;

15 ELIGIBILITY

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

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

16 (3) Earnings deposited in a qualified child education savings account,
17 such as the Vermont Higher Education Investment Plan, established in
18 16 V.S.A. § 2877, or any similar plan qualified under 26 U.S.C. § 529, shall be
19 disregarded in determining the amount of a family's income for the purpose of
20 determining continuing eligibility.

1 the provider operates a regulated child care center and preschool program or
2 regulated family child care home.

3 Sec. 5. APPROPRIATION; CHILD CARE FINANCIAL ASSISTANCE
4 PROGRAM

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

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

17 Sec. 6. READINESS PAYMENTS AND GRANTS; CHILD CARE
18 FINANCIAL ASSISTANCE PROGRAM

19 (a)(1) In fiscal year 2024, \$25,000,000.00 is appropriated from the General
20 Fund to the Department for Children and Families' Child Development
21 Division for the purpose of providing payments and grants to child care

1 providers, as defined in 33 V.S.A. § 3511, delivering child care services to
2 children birth through four years of age, including children five years of age
3 who are not yet enrolled in kindergarten, in preparation of the Child Care
4 Financial Assistance Program eligibility expansion in Sec. 3 of this act and for
5 the fiscal year 2024 provider rate adjustment in Sec. 4 of this act. Readiness
6 payments and grants may be used for workforce recruitment or retention
7 bonuses, or both; child care facility improvement; and any other uses approved
8 by the Commissioner.

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

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

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

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

2 § 3514. PAYMENT TO PROVIDERS FOR SCHOOL AGE CHILDREN

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

13 * * *

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

15 § 3515. PAYMENT TO PROVIDERS FOR CHILDREN BIRTH THROUGH

16 FOUR YEARS OF AGE

17 (a) The Commissioner shall establish a payment schedule that accounts for
18 the age of the children served for the purpose of reimbursing providers for full-
19 or part-time child care services to children from birth through four years of
20 age, including children five years of age who are not yet enrolled in
21 kindergarten, rendered to families who participate in the programs established

1 under section 3512 or 3513 of this title. All providers in the same child care
2 setting category shall receive an identical reimbursement rate payment, which
3 shall be dependent upon whether the provider operates a regulated child care
4 center and preschool program or regulated family child care home. The rate
5 used to reimburse providers shall be increased over the previous year's rate
6 annually on July 1 in alignment with the most recent annual average wage
7 growth for NAICS code 611, Educational Services, not to fall below zero
8 percent. Payments shall be based on enrollment.

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

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

13 § 3516. CHILD CARE QUALITY AND CAPACITY INCENTIVE
14 PROGRAM

15 (a) The Commissioner shall establish a child care quality and capacity
16 incentive program for child care providers participating in the Child Care
17 Financial Assistance Program pursuant to 33 V.S.A. §§ 3512 and 3513
18 and delivering child care services to children birth through four years of age,
19 including children who are five years old and not yet enrolled in kindergarten.
20 Annually, consistent with funds appropriated for this purpose, the
21 Commissioner shall provide each child care provider with a base incentive

1 payment dependent upon the child care provider's child care setting category.

2 A child care provider's base incentive payment shall be supplemented for each
3 of the following achievements:

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

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

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

8 (4) maintaining existing infant and toddler capacity;

9 (5) increasing infant and toddler capacity;

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

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

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

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

17 § 3517. CHILD CARE WAITLIST AND APPLICATION FEES

18 A child care provider shall not charge an application or waitlist fee for child
19 care services where the applying child qualifies for the Child Care Financial
20 Assistance Program pursuant to section 3512 or 3513 of this title. A child care
21 provider shall reimburse an individual who is charged an application or waitlist

1 fee for child care services if it is later determined that the applying child
2 qualified for the Child Care Financial Assistance Program at the time the fee or
3 fees were paid.

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

5 RECOMMENDATIONS

6 (a) On or before November 1, 2023, the Department for Children and
7 Families, in consultation with the Department of Labor, the Agency of
8 Education, Building Bright Futures, and the Vermont Association for the
9 Education of Young Children, shall submit a report to the House Committee
10 on Human Services and to the Senate Committee on Health and Welfare
11 addressing the following:

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

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

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

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

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

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

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

20 Subchapter 6. Child Care Assistance for Additional Populations

1 § 3551. NONCITIZEN CHILD CARE ASSISTANCE PROGRAM;

2 LEGISLATIVE INTENT

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

10 § 3552. NONCITIZEN CHILD CARE ASSISTANCE PROGRAM

11 SUBSIDIES FOR CERTAIN VERMONT RESIDENTS

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

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

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

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

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

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

13 Sec. 13. DEPARTMENT FOR CHILDREN AND FAMILIES; NONCITIZEN
14 CHILD CARE ASSISTANCE PROGRAM SUBSIDIES; FISCAL
15 YEAR 2025 ESTIMATE

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

1 Services and the Senate Committees on Appropriations and on Health and
2 Welfare.

3 * * * Special Accommodations Grant * * *

4 Sec. 14. REPORT; SPECIAL ACCOMMODATIONS GRANT

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

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

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

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

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

18 * * * Transitional Assistance and Governance * * *

19 Sec. 15. BUILDING BRIGHT FUTURES; TECHNICAL ASSISTANCE;

20 STAKEHOLDER ENGAGEMENT

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

10 Sec. 16. REPORT; CHILD CARE SYSTEM GOVERNANCE

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

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

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

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

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

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

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

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

1 * * * Repeals; Child Tax Credit * * *

2 Sec. 17. REPEALS; CHILD TAX CREDIT

3 The following are repealed:

4 (1) 32 V.S.A. § 5830f (Vermont child tax credit); and

5 (2) 32 V.S.A. § 5813(y) (statutory purpose; Vermont child tax credit).

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

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

8 CHAPTER 246. CHILD CARE AND PARENTAL LEAVE

9 CONTRIBUTION

10 § 10551. PURPOSE

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

16 § 10552. DEFINITIONS

17 As used in this chapter:

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

20 (2) “Employee” means an individual who receives payments with
21 respect to services performed for an employer from which the employer is

1 required to withhold Vermont income tax pursuant to chapter 151, subchapter
2 4 of this title.

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

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

9 (5) “Self-employment income” has the same meaning as in 26 U.S.C.
10 § 1402.

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

13 § 10553. CONTRIBUTION; RATE; COLLECTION

14 (a)(1) Each employer shall pay the Child Care and Parental Leave
15 Contribution on all covered wages paid to each of the employer’s employees
16 and shall remit those amounts to the Department of Taxes pursuant to the
17 provisions of this section. An employer may deduct and withhold from an
18 employee’s covered wages an amount equal to not more than one quarter of the
19 contribution required pursuant to subsection (b) of this section. An employer
20 shall pay the contributions required pursuant to this section as if the
21 contributions were Vermont income tax subject to the withholding

1 requirements of chapter 151, subchapter 4 of this title, including the
2 requirements relating to the time and manner of payment.

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

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

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

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

1 § 10554. CHILD CARE AND PARENTAL LEAVE CONTRIBUTION

2 SPECIAL FUND

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

15 (b) The Fund shall consist of:

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

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

20 (3) any interest earned by the Fund.

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

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

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

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

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

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

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

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

16 (b) In fiscal year 2024, the amount of \$4,200,00.00 is appropriated from the
17 General Fund to the Department of Taxes to be used for the implementation of
18 the Child Care and Parental Leave Contribution pursuant to 32 V.S.A. chapter
19 246 created by this act.

1 * * * Parental Leave Benefit Program * * *

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

3 CHAPTER 22. PARENTAL LEAVE BENEFIT PROGRAM

4 § 2201. PARENTAL LEAVE BENEFIT PROGRAM

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

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

12 (2) intends to either:

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

15 (B) seek new employment or self-employment after the parental
16 leave.

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

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

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

4 (C) Benefits may be provided for:

5 (i) a single continuous leave;

6 (ii) intermittent leaves; or

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

10 (3)(A) The weekly benefit provided to an eligible parent shall be
11 \$600.00 per week or the eligible parent's average weekly wage or self-
12 employment income during the six-month period preceding the
13 commencement of the leave, whichever is less. If the leave benefit is shared
14 between two eligible parents, the benefit amount for each eligible parent's
15 leave shall be determined separately from the other eligible parent's portion of
16 the leave.

17 (B) The benefit amount shall be calculated in increments of one full
18 day, which shall be one-fifth of the eligible parent's weekly benefit amount.
19 For eligible parents who are working part-time, the eligible parent's weekly
20 benefit amount shall be prorated based on the number of days on which the
21 eligible parent works in that week.

1 (4) The benefit shall be paid by the Department to the eligible parent
2 within 14 days after the Department approves the parent's application or within
3 14 days after the parental leave begins, whichever is last occurring, and
4 subsequent payments shall be made biweekly.

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

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

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

13 (A) an application;

14 (B) either:

15 (i) a signed certification from the eligible parent's employer that
16 the eligible parent is currently employed by the employer or was employed by
17 the employer within 30 days prior to the beginning of the parental leave; or

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

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

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

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

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

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

20 (f) As used in this section:

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

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

5 (B) an individual with whom the initial placement of a child 10 years
6 of age or younger for purposes of adoption has occurred within the preceding
7 12 months.

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

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

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

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

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

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

18 Sec. 21. APPROPRIATIONS; PARENTAL LEAVE BENEFIT PROGRAM

19 (a) In fiscal year 2024, \$2,000,000.00 is appropriated from the General
20 Fund to the Department for Children and Families’ Child Development
21 Division for the implementation and administration of the Parental Leave

1 Benefit Program in accordance with of 33 V.S.A. chapter 22. The Division
2 may contract with a third party to administer the Parental Leave Benefit
3 Program.

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

8 * * * Effective Dates * * *

9 Sec. 22. EFFECTIVE DATES

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

16 (b)(1) Sec. 3 (Child Care Financial Assistance Program; eligibility), Sec. 4
17 (provider rate adjustment; Child Care Financial Assistance Program), Sec. 7
18 (payment to providers for school age children), Sec. 8 (payment to providers
19 for children birth through four years of age), and Sec. 9 (child care quality and
20 capacity incentive program) shall take effect on January 1, 2024, except that

1 the Commissioner for Children and Families shall adopt any rules necessary
2 prior to that date in order to perform the Commissioner's duties under this act.

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

6 (3) Sec. 18 (32 V.S.A. chapter 246; Child Care and Parental Leave
7 Contribution) shall take effect on July 1, 2024.

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