

# House Calendar

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Wednesday, January 3, 2024

1st DAY OF THE ADJOURNED SESSION

House Convenes at 10:00 A.M.

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**ACTION CALENDAR**

**Unfinished Business of Thursday, May 11, 2023**

**Favorable with Amendment**

**S. 56**

An act relating to child care and early childhood education

**Rep. Brumsted of Shelburne**, for the Committee on Human Services, recommends that the House propose to the Senate that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

\* \* \* 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 and early learning system shall:

- (1) increase access to and the quality of child care services and afterschool and summer care programs throughout the State;
- (2) increase equitable access to and quality of prekindergarten education for children four years of age;
- (3) provide financial stability to child care programs;
- (4) stabilize Vermont's talented child care workforce;
- (5) address the workforce needs of the State's employers;
- (6) maintain a mixed-delivery system for prekindergarten, child care, and afterschool and summer care; and
- (7) assign school districts with the responsibility of ensuring equitable prekindergarten access for children who are four years of age on the date by which the child's school district requires kindergarten students to have attained five years of age or who are five years of age and not yet enrolled in kindergarten.

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

Sec. 2. PREKINDERGARTEN EDUCATION IMPLEMENTATION  
COMMITTEE; PLAN

(a) Creation. There is created the Prekindergarten Education Implementation Committee to assist the Agency of Education in improving and expanding accessible, affordable, and high-quality prekindergarten education for children on a full-day basis on or before July 1, 2026. The prekindergarten program under consideration would require a school district to provide prekindergarten education to all children within the district in either a public school or by contract with private providers, or both. As used in this section, “child” or “children” means a child or children who are four years of age on the date by which the child’s school district requires kindergarten students to have attained five years of age or who are five years of age and not yet enrolled in kindergarten, unless otherwise specified.

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

(A) the Secretary of Education or designee, who shall serve as co-chair;

(B) the Secretary of Human Services or designee, who shall serve as co-chair;

(C) the Executive Director of the Vermont Principals’ Association or designee;

(D) the Executive Director of the Vermont Superintendents Association or designee;

(E) the Executive Director of the Vermont School Board Association or designee;

(F) the Executive Director of the Vermont National Education Association or designee;

(G) the Chair of the Vermont Council of Special Education Administrators or designee;

(H) the Executive Director of the Vermont Curriculum Leaders Association or designee;

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

(J) 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;

(K) a representative of a prequalified private provider as defined in 16 V.S.A. § 829, providing prekindergarten education at a regulated family child care home, appointed by the Committee on Committees;

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

(M) the Executive Officer of Let's Grow Kids or designee;

(N) a representative, appointed by Vermont Afterschool, Inc.; and

(O) two family representatives, one with a child three years of age or younger when the Committee initially convenes and the second with a prekindergarten-age child when the Committee initially convenes, appointed by the Building Bright Futures Council.

(2) The Committee shall consult with any stakeholder necessary to accomplish the purposes of this section, including stakeholders with perspectives specific to diversity, equity, and inclusion.

(c) Powers and duties. The Committee shall examine the delivery of prekindergarten education in Vermont and make recommendations to expand access for children through the public school system or private providers under contract with the school district, or both. The Committee shall examine and make recommendations on the changes necessary to provide prekindergarten education to all children by or through the public school system on or before July 1, 2026, including transitioning children who are three years of age from the 10-hour prekindergarten benefit to child care and early education. The Committee's recommendation shall consider the needs of both the State and local education agencies.

(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 administrative, 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, 2024, 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 implementation plan based on the analysis conducted pursuant to subsection (c) of this section. The report shall include draft legislative language to support the Committee's plan.

(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, 2025.

(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 18 meetings. These payments shall be made from monies appropriated to the Agency of Education.

(h) Appropriations.

(1) The sum of \$7,500.00 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, 2025, revert to the General Fund.

Sec. 3. 16 V.S.A. § 4010 is amended to read:

§ 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP  
AND PER PUPIL EDUCATION SPENDING

\* \* \*

(d) Determination of weighted long-term membership. For each weighting category except the small schools weighting category under subdivision (b)(3) of this section, the Secretary shall compute the weighting count by using the long-term membership, as defined in subdivision 4001(7) of this title, in that category.

(1) The Secretary shall first apply grade level weights. Each pupil included in long-term membership from subsection (b) of this section shall count as one, multiplied by the following amounts:

(A) ~~prekindergarten—negative 0.54; [Repealed.]~~

(B) grades six through eight—0.36; and

(C) grades nine through 12—0.39.

\* \* \*

\* \* \* Agency of Education \* \* \*

Sec. 4. PLAN; AGENCY OF EDUCATION LEADERSHIP

On or before November 1, 2025, the Agency of Education shall submit a plan to the House Committees on Education and on Human Services and to the Senate Committees on Education and on Health and Welfare to implement a second deputy secretary or commissioner position within the Agency of Education for the purpose of elevating the status of early education and special education within the Agency in accordance with the report produced pursuant to 2021 Acts and Resolves No, 45, Sec. 13. The plan shall achieve greater parity in decision-making authority, roles and responsibilities, and reporting structure related to early care and learning across the Agency and Department for Children and Families.

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

Sec. 5. 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 and the corresponding family contribution shall be established by the Commissioner, by rule, and shall bear a reasonable relationship to income and family size. The Commissioner may adjust the subsidy and family contribution by rule to account for increasing child care costs not to exceed 1.5 times the most recent annual increase in the NAICS code 611, Educational Services. 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~~ 550 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 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.

\* \* \*

Sec. 5a. 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.

\* \* \*

(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 and shall comply with the Office of Racial Equity's most recent Language Access Report.

(6) A Vermont resident who has a citizenship status that would otherwise exclude the resident from participating in the Child Care Financial Assistance Program shall be served under this Program, provided that the benefit for these residents is solely State-funded. The Department shall not retain data on the citizenship status of any applicant or participant once a child is no longer participating in the program, and it shall not request the citizenship status of any members of the applicant's or participant's family. Any records created pursuant to this subsection shall be exempt from public inspection and copying under the Public Records Act.

\* \* \*

Sec. 5b. FISCAL YEAR 2024; FAMILY CONTRIBUTION

In fiscal year 2024, a weekly family contribution for participants in the Child Care Financial Assistance Program established in 33 V.S.A. §§ 3512 and 3513 shall begin at \$27.00 for families at 151 percent of the federal poverty level and increase progressively for families at a higher percentage of the federal poverty level as determined by the Department.

Sec. 6. PROVIDER RATE ADJUSTMENT; CHILD CARE FINANCIAL ASSISTANCE PROGRAM

(a) It is the intent of the General Assembly that the provider rate adjustment established in this section shall be utilized to begin implementing the recommendations for a professional pay scale as examined in Sec. 15 of this act.

(b)(1) On January 1, 2024, the Department for Children and Families shall provide an adjustment to the base child care provider reimbursement rates in the Child Care Financial Assistance Program for child care services provided by center-based child care and preschool programs, family child care homes, and afterschool and summer care programs. 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. The adjusted reimbursement rate shall then be adjusted to account for the differential between family child care homes and center-based child care and preschool programs by 50 percent. 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, regulated family child care home, or afterschool or summer care program.

(2) The provider rate adjustment established in this section shall become part of the base budget in future fiscal years.

Sec. 7. 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, \$48,699,264.00 is appropriated from the General Fund to the Department for Children and Families' Child Development Division for:

- (1) the program eligibility expansion in Sec. 5 of this act; and
- (2) the fiscal year 2024 provider rate adjustment in Sec. 6 of this act.

(b)(1) 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, \$4,000,000.00 is appropriated from the General Fund to the Division to administer adjustments to the Child Care Financial Assistance Program required by this act through the authorization of the following six new permanent classified positions within the Division:

- (A) business applications support manager;
- (B) licensing field specialist;
- (C) child care business technician;
- (D) administrative service coordinator II;
- (E) program integrity investigator; and
- (F) grants and contracts manager—compliance.

(2) The Division shall allocate at least \$2,000,000.00 of the amount appropriated in this subsection to the Community Child Care Support Agencies.

Sec. 8. **READINESS PAYMENTS; CHILD CARE FINANCIAL ASSISTANCE PROGRAM**

(a)(1) In fiscal year 2024, \$18,873,235.00 is appropriated one time from the General Fund to the Department for Children and Families' Child Development Division for the purpose of providing payments to child care providers, as defined in 33 V.S.A. § 3511, delivering child care services to children, in preparation of the Child Care Financial Assistance Program eligibility expansion in Sec. 5 of this act and for the fiscal year 2024 provider rate adjustment in Sec. 6 of this act. Readiness payments may be used for the following:

- (A) increasing capacity for infants and toddlers;
- (B) expanding the number of family child care homes;
- (C) improving child care facilities;
- (D) preparing private prequalified providers for future changes in the prekindergarten system;
- (E) expanding hours of operation to provide full-day, full-week child care services;
- (F) increasing workforce capacity, including signing and retention bonuses; and
- (G) 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 payment 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 payments to the Joint Fiscal Committee at its November 2023 meeting.

Sec. 9. 33 V.S.A. § 3514 is amended to read:

§ 3514. PAYMENT TO PROVIDERS

~~(a)(1) The Commissioner shall establish a payment schedule for purposes of reimbursing providers for full- or part-time child care services 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.~~

The payment schedule shall account for the age of the children served, and all providers in the same child care setting category shall receive a reimbursement rate payment, which shall be dependent upon whether the provider operates a child care center and preschool program, family child care home, or afterschool or summer care program. The rate used to reimburse providers shall be increased over the previous year's rate annually in alignment with the most recent annual average wage growth for NAICS code 611, Educational Services, not to exceed five percent.

(2) Payments shall be based on enrollment status or any other basis agreed to by the provider and the Division. The Department, in consultation with the Office of Racial Equity and stakeholders, shall adopt rules pursuant to 3 V.S.A. chapter 25 that define "enrollment" and the total number of allowable absences to continue participating in the Child Care Financial Assistance Program. The Department shall minimize itemization of absence categories.

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

~~(c)(1) The payment schedule established by the Commissioner may reimburse providers in accordance with the results of the most recent Vermont Child Care Market Rate Survey.~~

~~(2) The payment schedule shall include reimbursement rate caps tiered in relation to provider ratings in the Vermont STARS program. The lower limit of the reimbursement rate caps shall be not less than the 50th percentile of all reported rates for the same provider setting in each rate category. [Repealed.]~~

Sec. 10. 33 V.S.A. § 3515 is added to read:

§ 3515. 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. Annually, consistent with funds appropriated for this purpose, the Commissioner may provide a child care provider with an incentive payment for the following achievements:

(1) achieving a higher level in the quality rating and improvement system, including increasing access to and provision of culturally competent care and multilingual programming and providing other family support services similar to those provided in approved Head Start programs;

(2) increasing infant and toddler capacity;

(3) maintaining existing infant and toddler capacity;

(4) establishing capacity in regions of the State that are identified by the Commissioner as underserved;

(5) providing nonstandard hours of child care services;

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

(7) 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. 10a. LEGISLATIVE INTENT; CHILD CARE QUALITY AND

## CAPACITY INCENTIVE PROGRAM

It is the intent of the General Assembly that in fiscal year 2025 and in future fiscal years, at least \$10,000,000.00 is appropriated for the child care quality and capacity incentive program established in 33 V.S.A. § 3515.

Sec. 11. 33 V.S.A. § 3516 is added to read:

### § 3516. 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. 12. 33 V.S.A. § 3517 is added to read:

### § 3517. CHILD CARE TUITION RATES

A child care provider shall not impose an increase on annual child care tuition that exceeds 1.5 times the most recent annual increase in the NAICS code 611, Educational Services. This amount shall be posted on the Department's website annually.

Sec. 12a. 33 V.S.A. § 3518 is added to read:

### § 3518. DIVERSITY, EQUITY, AND INCLUSION

The Department shall consult with the Office of Racial Equity in preparing all public materials and trainings related to the Child Care Financial Assistance Program.

Sec. 13. RULEMAKING; CHILD CARE DIRECTORS

(a) The Department for Children and Families shall amend the following rules pursuant to 3 V.S.A. chapter 25 to require that a child care director is present at the child care facility that the director operates at least 40 percent of the time that children are present:

(1) Department for Children and Families, Licensing Regulations for Afterschool and Child Care Programs (CVR 13-171-003); and

(2) Department for Children and Families, Licensing Regulations for Center-Based Child Care and Preschool Programs (CVR 13-171-004).

(b) The Department shall consider amending its rule prohibiting a person or entity registered or licensed to operate a family child care home

from concurrently operating a center-based child care and preschool program or afterschool and summer care program.

\* \* \* Reports \* \* \*

Sec. 14. REPORT; BACKGROUND CHECKS

On or before January 15, 2024, the Vermont Crime Information Center, in collaboration with the Agency of Education and the Department for Children and Families, shall submit a report to the House Committee on Human Services and to the Senate Committee on Health and Welfare providing a recommendation to streamline and improve the timeliness of the background check process for child care and early education providers who are required to complete two separate background checks.

Sec. 15. PROVIDER COMPENSATION; ESTIMATE AND ANALYSIS

(a) On or before November 1, 2024, the Joint Fiscal Office, in consultation with the Department for Children and Families 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 containing a fiscal estimate of the cost of implementing a professional tiered system of compensation for the child care workforce using total costs of care estimates.

(b) On or before November 1, 2024, the Office of Legislative Counsel shall submit a report to the House Committee on Human Services and to the Senate Committee on Health and Welfare concerning the extent to which the State is authorized to impose a compensation scale on private child care providers for professionals providing child care services.

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

Sec. 16. PLAN; SPECIAL ACCOMMODATIONS GRANT

On or before July 1, 2024, the Department for Children and Families' Child Development Division, in consultation with stakeholders, shall develop and submit an implementation plan to the House Committee on Human Services and to the Senate Committee on Health and Welfare to streamline and improve the responsiveness and effectiveness of the application process for special accommodation grants, including:

(1) implementing a 12-month or longer grant cycle option for eligible 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 considerations the Department deems essential to the goal of streamlining the application process for special accommodation grants.

\* \* \* Afterschool and Summer Care Grant Program \* \* \*

Sec. 17. 33 V.S.A. chapter 38 is added to read:

CHAPTER 38. AFTERSCHOOL AND SUMMER CARE GRANT PROGRAM

§ 3801. AFTERSCHOOL AND SUMMER CARE GRANT PROGRAM

(a) There is created the Afterschool and Summer Care Grant Program for the purpose of providing grants for child and youth programming operated in public or private settings outside of the school day and over the summer, including before and after school, teacher in-service days, and school vacation weeks. Grants may be used by an afterschool and summer care operator for technical assistance, program implementation, program expansion, program sustainability, and related costs.

(b) In selecting from among eligible grant applicants, the Agency of Education and the Department for Children and Families shall prioritize applications that serve children and youth in underserved communities.

(c)(1) The Agency and Department shall jointly adopt policies, procedures, and guidelines necessary for the implementation of the Program established pursuant to this section.

(2) The Agency and Department may jointly contract for the administration of the Program. Administrative costs and technical assistance related to the Afterschool and Summer Care Grant Program shall not exceed \$500,000.00 annually.

§ 3802. AFTERSCHOOL AND SUMMER CARE SPECIAL FUND

(a) There is established a special fund to be known as the Afterschool and Summer Care Special Fund, which shall be used for the purpose of funding the Afterschool and Summer Care Grant Program established pursuant to section 3801 of this title.

(b) The Fund shall be established and held separate and apart from any other funds or monies of the State and shall be used and administered exclusively for the purpose of this section. The money in the Fund shall be invested in the same manner as permitted for the investment of funds

belonging to the State or held in the Treasury. The Fund shall consist of any combination of the following:

- (1) cannabis sales tax revenue pursuant to 32 V.S.A. § 7910;
- (2) such sums as may be appropriated or transferred thereto from time to time by the General Assembly, the State Emergency Board, or the Joint Fiscal Committee during such times as the General Assembly is not in session;
- (3) interest earned from the investment of Fund balances; and
- (4) any other money from any other source accepted for the benefit of the Fund.

(c) The Fund shall be administered by the Afterschool and Summer Care Special Fund Advisory Committee established pursuant to section 3803 of this title.

(d) The Advisory Committee shall administer awards in such a way as to comply with the requirements of Section 108(f) of the Internal Revenue Code.

#### § 3803. AFTERSCHOOL AND SUMMER CARE SPECIAL FUND

##### ADVISORY COMMITTEE

(a) There is created the Afterschool and Summer Care Special Fund Advisory Committee jointly managed by the Agency of Education and the Department for Children and Families to:

(1) provide recommendations to the Secretary of Education and the Commissioner for Children and Families regarding the Afterschool and Summer Care Grant Program established pursuant to section 3801 of this title; and

(2) administer the Afterschool and Summer Care Special Fund established pursuant to section 3802 of this title.

(b) The Advisory Committee shall comprise the following:

(1) the Chief Prevention Officer established in 3 V.S.A. § 2321, who shall serve as chair;

(2) the Commissioner of Mental Health or designee;

(3) the Commissioner of Health or designee;

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

(5) the Secretary of Education or designee;

(6) the executive director of Building Bright Futures or designee;

(7) a representative, appointed by Vermont Afterschool, Inc;

(8) a representative of a municipality that operates an afterschool or summer care program, appointed by the Vermont League of Cities and Towns; and

(9) two parents whose children participate in an afterschool or summer care program, appointed by Vermont Afterschool, Inc.

(c)(1) The Chief Prevention Officer shall call the first meeting of the Advisory Committee to occur on or before September 1, 2023.

(2) The Advisory Committee shall meet at such times as may reasonably be necessary to carry out its duties but at least once in each calendar quarter.

(3) The Agency of Education and Department for Children and Families shall provide technical, legal, and administrative assistance to the Advisory Committee.

(d) Notwithstanding 2 V.S.A. § 20(d), on or before November 15 of each year, the Advisory Committee shall submit a report containing a summary of its activities and any recommendations to the House Committees on Appropriations and on Human Services and to the Senate Committees on Appropriations and on Health and Welfare. The report shall address outcomes data on grants awarded pursuant to section 3801 of this title during the previous year, including:

(1) the number of afterschool and summer care operators receiving a grant under section 3801 of this title;

(2) the number of children and youth served and hours of care provided by afterschool and summer care operators receiving a grant under section 3801 of this title;

(3) the geographic distribution of afterschool and summer care operators receiving a grant under section 3801 of this title; and

(4) the extent to which family costs are reduced for the care of children and youth served by afterschool and summer care operators receiving a grant under section 3801 of this title.

(e) For attendance at meetings, members of the Advisory Committee not otherwise paid for participating in the meetings shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010. These payments shall be made from the Afterschool and Summer Care Special Fund.



Sec. 18. 32 V.S.A. chapter 207 is amended to read:

CHAPTER 207. CANNABIS EXCISE TAX AND SALES TAX REVENUE

\* \* \*

§ 7910. CANNABIS SALES TAX REVENUE; AFTERSCHOOL AND  
SUMMER CARE PROGRAMMING

Notwithstanding 16 V.S.A. § 4025, revenue from the sales and use tax imposed by chapter 233 of this title on retail sales of cannabis or cannabis products in this State shall be deposited into the Afterschool and Summer Care Special Fund established pursuant to 33 V.S.A. § 3802.

\* \* \* Workforce Supports \* \* \*

Sec. 19. 2021 Acts and Resolves No. 45, Sec. 8 is amended to read:

Sec. 8. REPEALS

(a) ~~33 V.S.A. § 3541(d) (reference to student loan repayment assistance program) is repealed on July 1, 2026. [Repealed.]~~

(b) 33 V.S.A. § 3542 (scholarships for prospective early childhood providers) is repealed on July 1, 2026.

(c) ~~33 V.S.A. § 3543 (student loan repayment assistance program) is repealed on July 1, 2026. [Repealed.]~~

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

Sec. 20. CHILD CARE; ADMINISTRATIVE SERVICE ORGANIZATIONS

On or before February 15, 2024, the Department for Children and Families shall provide a presentation to the House Committee on Human Services and to the Senate Committee on Health and Welfare regarding the feasibility of and any progress towards establishing administrative service organizations for child care providers.

Sec. 21. 33 V.S.A. § 4605 is added to read:

§ 4605. TECHNICAL ASSISTANCE; ACCOUNTABILITY

In order to ensure the successful implementation of expanded child care, prekindergarten, and afterschool and summer care, Building Bright Futures shall be responsible for monitoring accountability, supporting stakeholders in collectively defining and measuring success, maximizing stakeholder engagement, and providing technical assistance to build capacity for the Department for Children and Families' Child Development Division and the Agency of Education. Specifically, Building Bright Futures shall:

(1) ensure accountability through monitoring transitions over time and submitting a report with the results of this work on January 15 of each year to the House Committee on Human Services and to the Senate Committee on Health and Welfare;

(2) define and measure success of expanded child care, prekindergarten, and afterschool and summer care related to process, implementation, and outcomes using a continuous quality improvement framework and engage public, private, legislative, and family partners to develop benchmarks pertaining to:

(A) equitable access to high-quality child care;

(B) equitable access to high-quality prekindergarten;

(C) equitable access to high-quality afterschool and summer care;

(D) stability of the early child care education workforce;

(E) workforce capacity and needs of the child care, prekindergarten, afterschool and summer care systems; and

(F) the impact of this act on a mixed-delivery system for prekindergarten, child care, and afterschool and summer care.

#### Sec. 21a. APPROPRIATION; BUILDING BRIGHT FUTURES

Of the funds appropriated in Sec. 7(b) (appropriation; child care financial assistance program) of this act, the Department for Children and Families shall allocate \$266,707.00 to Building Bright Futures for the purpose of implementing its duties under 33 V.S.A. § 4605. This amount shall become part of the Department's base for the purpose of supporting Building Bright Future's work pursuant to 33 V.S.A. § 4605.

#### Sec. 22. PLAN; DEPARTMENT FOR CHILDREN AND FAMILIES;

##### GOVERNANCE

(a) On or before November 1, 2025, the Secretary of Human Services shall submit an implementation plan to the House Committees on Appropriations, on Government Operations and Military Affairs, and on Human Services and to the Senate Committees on Appropriations, on Government Operations, and on Health and Welfare regarding the reorganization of the Department for Children and Families to increase responsiveness to Vermonters and elevate the status of child care and early education within the Agency of Human Services. The implementation plan shall be consistent with the goals of the report produced pursuant to 2021 Acts and Resolves No. 45, Sec. 13. It shall achieve greater parity in decision-making authority, roles and responsibilities,

and reporting structure related to early care and learning across the Agency of Education and Agency of Human Services.

(b) The implementation plan required pursuant to this section shall contain any legislative language required for the division of the Department.

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

#### Sec. 23. EFFECTIVE DATES

(a) Except as provided in subsection (b) of this section, this act shall take effect on July 1, 2023.

(b)(1) Sec. 3 (determination of weighted long-term membership and per pupil education spending) shall take effect on July 1, 2026.

(2) Sec. 5 (Child Care Financial Assistance Program; eligibility), Sec. 5b (fiscal year 2024; family contribution), Sec. 6 (provider rate adjustment; Child Care Financial Assistance Program), and Sec. 9 (payment to providers) shall take effect on January 1, 2024, except that the Commissioner for Children and Families shall initiate any rulemaking necessary prior to that date in order to perform the Commissioner's duties under this act.

(3) Sec. 5a (Child Care Financial Assistance Program; eligibility) and Sec. 10 (child care quality and capacity incentive program) shall take effect on July 1, 2024.

**(Committee vote: 10-1-0)**

**Rep. Buss of Woodstock**, for the Committee on Education, recommends that the report of the Committee on Human Services be amended as follows:

First: In Sec. 1, legislative intent, in subdivision (2), by striking out the words “for children four years of age”

Second: In Sec. 1, legislative intent, in subdivision (7), by striking out the words “prekindergarten access for children who are four years of age on the date by which the child's school district requires kindergarten students to have attained five years of age or who are five years of age and not yet enrolled in kindergarten” and inserting in lieu thereof the words “access to prekindergarten education”

Third: In Sec. 2, Prekindergarten Education Implementation Committee, plan, in subsection (a), by striking out “As used in this section, “child” or “children” means a child or children who are four years of age on the date by which the child's school district requires kindergarten students to have attained five years of age or who are five years of age and not yet enrolled in kindergarten, unless otherwise specified.”

Fourth: In Sec. 2, Prekindergarten Education Implementation Committee; plan, by striking out subdivision (b)(1) in its entirety and inserting in lieu thereof a new subdivision (b)(1) to read as follows:

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

(A) the Secretary of Education or designee, who shall serve as co-chair;

(B) the Secretary of Human Services or designee, who shall serve as co-chair;

(C) the Executive Director of the Vermont Principals' Association or designee;

(D) the Executive Director of the Vermont Superintendents Association or designee;

(E) the Executive Director of the Vermont School Board Association or designee;

(F) the Executive Director of the Vermont National Education Association or designee;

(G) the Chair of the Vermont Council of Special Education Administrators or designee;

(H) an early education coordinator for a school district which provides prekindergarten education through a mixed-delivery system, appointed by the Vermont Superintendents Association;

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

(J) 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;

(K) a representative of a prequalified private provider as defined in 16 V.S.A. § 829, providing prekindergarten education at a regulated family child care home, appointed by the Committee on Committees; and

(L) a representative, appointed by Vermont Afterschool, Inc.

Fifth: In Sec. 2, Prekindergarten Education Implementation Committee; plan, in subsection (c), by striking out “, including transitioning children who are three years of age from the 10-hour prekindergarten benefit to child care and early education” and inserting in lieu thereof “. The Committee’s analysis may yield distinct recommendations for different prekindergarten ages”

Sixth: In Sec. 2, Prekindergarten Education Implementation Committee; plan, in subsection (c), following “the needs of both the State and local education agencies.” by inserting “The Committee shall also make recommendations for the minimum number of hours that shall constitute a full school day for both prekindergarten education and kindergarten as well as analyze whether there are areas of the State where prekindergarten education can be more effectively and conveniently furnished in an adjacent state due to geographic considerations.”

Seventh: By adding a new section to be Sec. 2a. to read as follows:

Sec. 2a. PREKINDERGARTEN EDUCATION MODEL CONTRACT

On or before December 1, 2024, the Agency of Education shall develop a model contract for school districts to use for contracting with private providers for prekindergarten education services. The model contract shall include an antidiscrimination provision that requires compliance with the Vermont Public Accommodations Act, 9 V.S.A. chapter 139, and the Vermont Fair Employment Practices Act, 21 V.S.A. chapter 5, subchapter 6. In order to ensure that publicly funded prekindergarten education is provided by a Vermont-licensed teacher, the model contract shall also include staff teaching licensure requirements.

Eighth: By striking out Sec. 3, 16 V.S.A. § 4010, in its entirety and inserting in lieu thereof a new Sec. 3 to read as follows:

Sec. 3. 16 V.S.A. § 4010 is amended to read:

§ 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP  
AND PER PUPIL EDUCATION SPENDING

(a) Definitions. As used in this section:

(1) “EL pupils” means pupils described under section 4013 of this title.

(2) “FPL” means the Federal Poverty Level.

(3) “Weighting categories” means the categories listed under subsection (b) of this section.

(4) “Full day prekindergarten education in a public school setting” means prekindergarten education provided in a public school that is equal in length to the day of education provided to all kindergarten through grade 5 students enrolled in the same school district.

(b) Determination of average daily membership and weighting categories. On or before the first day of December during each school year, the Secretary shall determine the average daily membership, as defined in subdivision

4001(1) of this title, of each school district for the current school year and shall perform the following tasks:;

(1) Using average daily membership, list for each school district the number of:

(A) pupils in prekindergarten receiving full day prekindergarten education in a public school setting;

(B) pupils in kindergarten through grade five;

(C) pupils in grades six through eight;

(D) pupils in grades nine through 12;

(E) pupils whose families are at or below 185 percent of FPL, using the highest number of pupils in the district:

(i) that meet this definition under the universal income declaration form; or

(ii) who are directly certified for free and reduced-priced meals;  
and

(F) EL pupils; and

(G) all other pupils in prekindergarten.

\* \* \*

(d) Determination of weighted long-term membership. For each weighting category except the small schools weighting category under subdivision (b)(3) of this section, the Secretary shall compute the weighting count by using the long-term membership, as defined in subdivision 4001(7) of this title, in that category.

(1) The Secretary shall first apply grade level weights. Each pupil included in long-term membership shall count as one, multiplied by the following amounts:

(A) all other pupils in prekindergarten—negative 0.54;

(B) grades six through eight—0.36; and

(C) grades nine through 12—0.39.

\* \* \*

Ninth: In Sec. 4, plan; Agency of Education leadership, by striking out the words “implement a second deputy secretary or commissioner” and inserting in lieu thereof the words “create a senior level”

Tenth: By striking out Sec. 17, 33 V.S.A. chapter 38, in its entirety and inserting in lieu thereof a new Sec. 17 to read as follows:

Sec. 17. 16 V.S.A. chapter 1, subchapter 3 is added to read:

Subchapter 3. Afterschool and Summer Care

§ 51. AFTERSCHOOL AND SUMMER CARE

(a) Agency of Education regulation. Pursuant to rules adopted by the Secretary of Education in accordance with 3 V.S.A. chapter 25, school-based afterschool and summer learning programs for students in prekindergarten through grade 12 shall be regulated by the Agency of Education if no Child Care Financial Assistance Program funds provided under 33 V.S.A. § 3512 or 3513 are used to fund the afterschool or summer learning program.

(b) Agency of Human Services regulation. Pursuant to rules adopted by the Agency of Human Services in accordance with 3 V.S.A. chapter 25, if a school-based afterschool or summer learning program for students in prekindergarten through grade 12 does not subsidize access for students that qualify for free or reduced-price meals under the federal food programs, pursuant to 16 V.S.A., chapter 27, the afterschool and summer learning program shall be regulated by the Agency of Human Services.

§ 52. UNIVERSAL AFTERSCHOOL AND SUMMER CARE GRANT

PROGRAM

(a) Creation. There is created the Afterschool and Summer Care Grant Program to support the expansion of summer and afterschool programs, with an emphasis on increasing access in underserved areas of the State. The Secretary of Education shall manage and use the assets in the Afterschool and Summer Care Special Fund created pursuant to section 53 of this title to set up inclusive programs to support the expansion of universal afterschool and summer programs with a focus on capacity in underserved areas of the State and for underserved populations, including students with disabilities and economically disadvantaged and historically marginalized students.

(b) Grants. The Afterschool and Summer Care Grant Program shall be used to support a mixed delivery system for afterschool and summer programing, consistent with the requirements of 21C funding authorized under Title IV, part B of the Every Student Succeeds Act, 20 U.S.C. § 7171 et al. Eligible recipients may be public or private nonprofit organizations. Grants may be used for technical assistance, program implementation, program sustainability, and related costs. Grants shall be used to directly target communities with:

(1) low existing capacity to serve youth in afterschool and summer settings;

(2) populations that are currently underserved; and

(3) populations that do not fall under subdivisions (1) and (2) of this subsection as funds are available.

(c) Administration. The Agency may use up to \$500,000.00 for administrative costs, including personal services for program staff, to allow for the support of the grant program and technical assistance to communities. The Agency may contract to support the grant program.

(d) Advice. The Governor may advise the Secretary of Education to consult with other members of the Governor's cabinet and administration on the design of the program.

(e) Report and plan. Notwithstanding 2 V.S.A. § 20(d), on or before November 15 of each year, the Agency of Education shall submit to the General Assembly a plan to fund grants made pursuant to this section. The report shall be inclusive of afterschool and summer learning programming supported by federal funds, State grants and contracts, the Child Care Financial Assistance Program pursuant to 33 V.S.A. § 3512 or 3513, and any matching philanthropic funding. The grants shall be in an amount equal to the official forecasted revenues to be raised from the sales and use tax imposed by 32 V.S.A. chapter 233 on cannabis or cannabis products in this State. The Agency shall also report outcomes data on grants awarded pursuant to this section during the previous year, including:

(1) the number of afterschool and summer care operators receiving a grant under this section;

(2) the number of children and youth served and hours of care provided by afterschool and summer care operators receiving a grant under this section;

(3) the geographic distribution of afterschool and summer care operators receiving a grant under this section; and

(4) the extent to which family costs are reduced for the care of children and youth served by afterschool and summer care operators receiving a grant under this section.

#### § 53. AFTERSCHOOL AND SUMMER CARE SPECIAL FUND

(a) There is established a special fund to be known as the Afterschool and Summer Care Special Fund, which shall be used for the purpose of funding the Afterschool and Summer Care Grant Program established pursuant to section 52 of this title.



(b) The Fund shall be established and held separate and apart from any other funds or monies of the State and shall be used and administered exclusively for the purpose of this section. The money in the Fund shall be invested in the same manner as permitted for the investment of funds belonging to the State or held in the Treasury. The Fund shall consist of any combination of the following:

(1) cannabis sales tax revenue pursuant to 32 V.S.A. § 7910;

(2) such sums as may be appropriated or transferred thereto from time to time by the General Assembly, the State Emergency Board, or the Joint Fiscal Committee during such times as the General Assembly is not in session;

(3) interest earned from the investment of Fund balances; and

(4) any other money from any other source accepted for the benefit of the Fund.

(c) The Fund shall be administered by the Agency of Education pursuant to section 52 of this title.

(d) The Agency shall administer awards in such a way as to comply with the requirements of Section 108(f) of the Internal Revenue Code.

Eleventh: By adding a new section to be Sec. 17a to read as follows:

Sec. 17a. AGENCY OF EDUCATION; POSITIONS; APPROPRIATION

(a) Establishment of the following new permanent classified positions is authorized in the Agency of Education in fiscal year 2024:

(1) one full-time, permanent classified Afterschool and Summer Care data analyst; and

(2) one full-time, permanent classified Afterschool and Summer Care Grant program coordinator.

(b) There is appropriated to the Agency of Education from the Afterschool and Summer Care Special Fund in fiscal year 2024 the sum of \$250,000.00 for the purpose of creating the two new positions created in this section.

Twelfth: By adding a new section to be Sec. 18a to read as follows:

Sec. 18a. REPEALS

2020 Acts and Resolves No. 164, Secs. 17c (dedicated use of sales and use tax on cannabis) and 17d (annual budgeting of sales and use tax revenue) are repealed.

Thirteenth: In Sec. 23, effective dates, in subdivision (b)(1), by striking out “July 1, 2026” and inserting in lieu thereof “July 1, 2024”

**(Committee Vote: 10-2-0)**

**Rep. Kornheiser of Brattleboro**, for the Committee on Ways and Means, recommends that the House propose to the Senate that the bill be amended as recommended by the Committee on Human Services and by the Committee on Education and when further amended by striking out all after the enacting clause and inserting in lieu thereof the following:

\* \* \* 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 and early learning system shall:

- (1) increase access to and the quality of child care services and afterschool and summer care programs throughout the State;
- (2) increase equitable access to and quality of prekindergarten education for children four years of age;
- (3) provide financial stability to child care programs;
- (4) stabilize Vermont's talented child care workforce;
- (5) address the workforce needs of the State's employers;
- (6) maintain a mixed-delivery system for prekindergarten, child care, and afterschool and summer care; and
- (7) assign school districts with the responsibility of ensuring equitable prekindergarten access for children who are four years of age on the date by which the child's school district requires kindergarten students to have attained five years of age or who are five years of age and not yet enrolled in kindergarten.

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

Sec. 2. PREKINDERGARTEN EDUCATION IMPLEMENTATION

COMMITTEE; PLAN

(a) Creation. There is created the Prekindergarten Education Implementation Committee to assist the Agency of Education in improving and expanding accessible, affordable, and high-quality prekindergarten education for children on a full-day basis on or before July 1, 2026. The prekindergarten program under consideration would require a school district to provide prekindergarten education to all children within the district in either a public school or by contract with private providers, or both.

(b) Membership.

- (1) The Committee shall be composed of the following members:
- (A) the Secretary of Education or designee, who shall serve as co-chair;
  - (B) the Secretary of Human Services or designee, who shall serve as co-chair;
  - (C) the Executive Director of the Vermont Principals' Association or designee;
  - (D) the Executive Director of the Vermont Superintendents Association or designee;
  - (E) the Executive Director of the Vermont School Board Association or designee;
  - (F) the Executive Director of the Vermont National Education Association or designee;
  - (G) the Chair of the Vermont Council of Special Education Administrators or designee;
  - (H) the Executive Director of the Vermont Curriculum Leaders Association or designee;
  - (I) the Executive Director of Building Bright Futures or designee;
  - (J) 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;
  - (K) a representative of a prequalified private provider as defined in 16 V.S.A. § 829, providing prekindergarten education at a regulated family child care home, appointed by the Committee on Committees;
  - (L) the Head Start Collaboration Office Director or designee;
  - (M) the Executive Officer of Let's Grow Kids or designee;
  - (N) a representative, appointed by Vermont Afterschool, Inc.;
  - (O) a representative, appointed by the Vermont Association for the Education of Young Children;
  - (P) a regional prekindergarten coordinator, appointed by the Vermont Principals' Association; and
  - (Q) two family representatives, one with a child three years of age or younger when the Committee initially convenes and the second with a

prekindergarten-age child when the Committee initially convenes, appointed by the Building Bright Futures Council.

(2) The Committee shall consult with any stakeholder necessary to accomplish the purposes of this section, including stakeholders with perspectives specific to diversity, equity, and inclusion.

(c) Powers and duties. The Committee shall examine the delivery of prekindergarten education in Vermont and make recommendations to expand access for children through the public school system or private providers under contract with the school district, or both. The Committee shall examine and make recommendations on the changes necessary to provide prekindergarten education to all children by or through the public school system on or before July 1, 2026. The Committee's analysis may yield distinct recommendations for different prekindergarten ages. The Committee's recommendation shall consider:

(1) the needs of both the State and local education agencies;

(2) the minimum number of hours that shall constitute a full school day for both prekindergarten and kindergarten;

(3) whether there are areas of the State where prekindergarten education can be more effectively and conveniently furnished in an adjacent state due to geographic considerations;

(4) benchmarks and best practices to ensure high-quality prekindergarten education;

(5) measures to ensure capacity is available to meet the demand for prekindergarten education;

(6) special education services for children participating in prekindergarten in both public and private settings;

(7) any necessary infrastructure changes to expand prekindergarten;

(8) costs associated with expanding prekindergarten, including fiscally strategic options to sustain an expansion of prekindergarten;

(9) recommendations for the oversight of the prekindergarten system;  
and

(10) any other issue the Committee deems relevant.

(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 administrative, 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, 2024, 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 implementation plan based on the analysis conducted pursuant to subsection (c) of this section. The report shall include draft legislative language to support the Committee's plan.

(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, 2025.

(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 18 meetings. These payments shall be made from monies appropriated to the Agency of Education.

(h) Appropriations.

(1) The sum of \$7,500.00 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, 2025, revert to the General Fund.

#### Sec. 2a. PREKINDERGARTEN EDUCATION MODEL CONTRACT

On or before December 1, 2024, the Agency of Education, in consultation with the members of the Prekindergarten Education Implementation Committee and other relevant stakeholders, shall develop a model contract for school districts to use for contracting with private providers for prekindergarten education services. The model contract shall include:

(1) an antidiscrimination provision that requires compliance with the Vermont Public Accommodations Act, 9 V.S.A. chapter 139, and the Vermont Fair Employment Practices Act, 21 V.S.A. chapter 5, subchapter 6; and

(2) requirements for the provision of special education services.

#### Sec. 2b. PREKINDERGARTEN PUPIL WEIGHT; REPORT

On or before December 1, 2023, the Agency of Education, in consultation with the Prekindergarten Education Implementation Committee, shall analyze and issue a written report to the General Assembly regarding whether the cost of educating a prekindergarten student is the same as educating a kindergarten student in the context of a full school day. The report shall include a detailed analysis, recommendation, and implementation plan for the sufficient weight to apply to prekindergarten students, in alignment with the weights under current law, for the purposes of determining weighted long-term membership of a school district under 16 V.S.A. § 4010. The report shall include draft legislative language to support the recommended prekindergarten pupil weight and implementation plan.

#### Sec. 2c. AGENCY OF EDUCATION DATA COLLECTION AND SHARING

On or before August 1, 2023, the Agency of Education shall collect and share the following data with the Joint Fiscal Office:

(1) The number of weighted pupils, which shall not be adjusted by the equalization ratio, for fiscal year 2024:

(A) using weights in effect on July 1, 2023 at both the statewide and district levels; and

(B) using weights in effect on July 1, 2024 at both the statewide and district levels.

(2) The following data, by school district:

(A) the total resources needed to operate a public prekindergarten education program that would serve each prekindergarten child in the district;

(B) the number of prekindergarten children by year of age;

(C) the total education spending and other funds spent in fiscal year 2023 for children attending public prekindergarten education programs;

(D) the total education spending and other funds spent in fiscal year 2023 for prekindergarten children receiving prekindergarten education through a prequalified private provider to whom the district pays tuition;

(E) if the school district operates a public prekindergarten education program:

(i) the number of hours and slots offered in the public prekindergarten education program;

(ii) the number of students residing in the district enrolled in the public prekindergarten education program;

(iii) the number and cost of students residing in the district enrolled in a prequalified private provider for whom the district pays tuition for prekindergarten education; and

(iv) the number of students enrolled in the public prekindergarten education program who reside outside the district and the corresponding revenues associated with the nonresident student tuition; and

(F) if the school district does not operate a prekindergarten education program:

(i) the number of hours of prekindergarten education provided to each prekindergarten child; and

(ii) the tuition costs for prekindergarten children.

Sec. 3. 16 V.S.A. § 4010 is amended to read:

§ 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP  
AND PER PUPIL EDUCATION SPENDING

\* \* \*

(d) Determination of weighted long-term membership. For each weighting category except the small schools weighting category under subdivision (b)(3) of this section, the Secretary shall compute the weighting count by using the long-term membership, as defined in subdivision 4001(7) of this title, in that category.

(1) The Secretary shall first apply grade level weights. Each pupil included in long-term membership from subsection (b) of this section shall count as one, multiplied by the following amounts:

(A) ~~prekindergarten—negative 0.54; [Repealed.]~~

(B) grades six through eight—0.36; and

(C) grades nine through 12—0.39.

\* \* \*

Sec. 3a. CONTINGENT EFFECTIVE DATE OF PREKINDERGARTEN

EDUCATION WEIGHT CHANGE

The amendments to 16 V.S.A. § 4010 (weighted long-term membership) set forth in Sec. 3 of this act shall not take effect unless, on or before July 1, 2026, the General Assembly enacts legislation establishing the following:

(1) a definition for the minimum number of hours that constitute a full school day for prekindergarten education;

(2) a requirement that all school districts shall be required to follow the same minimum number of hour requirements for prekindergarten education; and

(3) a requirement that all school districts shall be required to follow the same contracting requirements for the provision of prekindergarten education.

\* \* \* Agency of Education \* \* \*

Sec. 4. PLAN; AGENCY OF EDUCATION LEADERSHIP

On or before November 1, 2025, the Agency of Education shall submit a plan to the House Committees on Education and on Human Services and to the Senate Committees on Education and on Health and Welfare for the purpose of elevating the status of early education within the Agency in accordance with the report produced pursuant to 2021 Acts and Resolves No. 45, Sec. 13. The plan shall achieve greater parity in decision-making authority, roles and responsibilities, and reporting structure related to early care and learning across the Agency and Department for Children and Families.

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

Sec. 5. 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.

\* \* \*

~~(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~~ Nothing in this subsection shall preclude a child care provider from establishing tuition rates that are lower than the provider reimbursement rate in the Child Care Financial Assistance Program.

\* \* \*

Sec. 5a. 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 and the corresponding family contribution shall be established by the Commissioner, by rule, and shall bear a reasonable relationship to income and family size. The Commissioner may adjust the subsidy and family contribution by rule to account for increasing child care costs not to exceed 1.5 times the most recent annual increase in the NAICS code 611, Educational Services. 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~~ 175 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~~ 400 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.

\* \* \*

Sec. 5b. 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.

\* \* \*

(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 and shall comply with the Office of Racial Equity's most recent Language Access Report.

(6) A Vermont resident who has a citizenship status that would otherwise exclude the resident from participating in the Child Care Financial Assistance Program shall be served under this Program, provided that the benefit for these residents is solely State-funded. The Department shall not retain data on the citizenship status of any applicant or participant once a child is no longer participating in the program, and it shall not request the citizenship status of any members of the applicant's or participant's family. Any records created pursuant to this subsection shall be exempt from public inspection and copying under the Public Records Act.

\* \* \*

Sec. 5c. 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 and the corresponding family contribution shall be established by the Commissioner, by rule, and shall bear a reasonable relationship to income and family size. The Commissioner may adjust the subsidy and family contribution by rule to account for increasing child care costs not to exceed 1.5 times the most recent annual increase in the NAICS code 611, Educational Services. 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 175 percent of the current federal poverty guidelines shall not have a family co-payment. Families with an annual gross income up to and including ~~400~~ 575 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.

\* \* \*

#### Sec. 5d. FISCAL YEAR 2024; FAMILY CONTRIBUTION

In fiscal year 2024, a weekly family contribution for participants in the Child Care Financial Assistance Program established in 33 V.S.A. §§ 3512 and 3513 shall begin at \$52.00 for families at 176 percent of the federal poverty level and increase for families at a higher percentage of the federal poverty level as determined by the Department.

#### Sec. 6. PROVIDER RATE ADJUSTMENT; CHILD CARE FINANCIAL ASSISTANCE PROGRAM

(a) It is the intent of the General Assembly that:

(1) the provider rate adjustment recommended in this section shall be an initial step toward implementing the professional pay scale established pursuant to 33 V.S.A. § 3544; and

(2) programs use funds to elevate quality through higher compensation for staff, curriculum implementation, staff professional development, and improvements to learning environments.

(b)(1) On January 1, 2024, the Department for Children and Families shall provide an adjustment to the base child care provider reimbursement rates in the Child Care Financial Assistance Program for child care services provided by center-based child care and preschool programs, family child care homes, and afterschool and summer care programs. The adjusted reimbursement rate shall account for the age of the children served and be 35 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 a reimbursement rate payment, which shall be dependent upon whether the provider operates a regulated child care center and preschool program, regulated family child care home, or afterschool or summer care program.

(2) The provider rate adjustment established in this section shall become part of the base budget in future fiscal years.

Sec. 7. 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, \$47,300,000.00 is appropriated from the General Fund to the Department for Children and Families' Child Development Division for:

- (1) the program eligibility expansion in Sec. 5a of this act; and
- (2) the fiscal year 2024 provider rate adjustment in Sec. 6 of this act.

(b)(1) 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, \$4,000,000.00 is appropriated from the General Fund to the Division to administer adjustments to the Child Care Financial Assistance Program required by this act through the authorization of the following 11 new permanent classified positions within the Division:

- (A) one Business Applications Support Manager;
- (B) one Licensing Field Specialist I;
- (C) two Child Care Business Techs;
- (D) one Administrative Services Coordinator II;
- (E) one Program Integrity Investigator;
- (F) one Grants and Contracts Manager – Compliance;
- (G) one Business Application Support Specialist;
- (H) one Communications and Outreach Coordinator;
- (I) one Financial Manager II; and
- (J) one Grants and Contracts Manger.

(2) The Department may seek permission from the Joint Fiscal Committee to replace a position authorized in this subsection with an alternative position.

(3) The Division shall allocate at least \$2,000,000.00 of the amount appropriated in this subsection to the Community Child Care Support Agencies.

Sec. 8. READINESS PAYMENTS; CHILD CARE FINANCIAL ASSISTANCE PROGRAM

(a)(1) In fiscal year 2024, \$20,000,000.00 is appropriated one time from the General Fund to the Department for Children and Families' Child Development Division for the purpose of providing payments to child care providers, as defined in 33 V.S.A. § 3511, delivering child care services to children, in preparation of the Child Care Financial Assistance Program eligibility expansion in Sec. 5a of this act and for the fiscal year 2024 provider rate adjustment in Sec. 6 of this act. Readiness payments may be used for the following:

(A) increasing capacity for infants and toddlers;

(B) expanding the number of family child care homes;

(C) improving child care facilities;

(D) preparing private prequalified providers for future changes in the prekindergarten system;

(E) expanding hours of operation to provide full-day, full-week child care services;

(F) addressing gaps in services and expanding capacity;

(G) increasing workforce capacity, including signing and retention bonuses; and

(H) 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 payment program established by this section, the Division shall utilize the Agency of Administration bulletin pertaining to beneficiaries in effect on May 1, 2023. 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 payments to the Joint Fiscal Committee at its November 2023 meeting.

Sec. 9. 33 V.S.A. § 3514 is amended to read:

§ 3514. PAYMENT TO PROVIDERS

~~(a)(1) The Commissioner shall establish a payment schedule for purposes of reimbursing providers for full- or part-time child care services 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.~~

The payment schedule shall account for the age of the children served, and all providers in the same child care setting category shall receive a reimbursement rate payment, which shall be dependent upon whether the provider operates a child care center and preschool program, family child care home, or afterschool or summer care program. The rate used to reimburse providers shall be increased over the previous year's rate annually in alignment with the most recent annual average wage growth for NAICS code 611, Educational Services, not to exceed five percent.

~~(2) Payments shall be based on enrollment status or any other basis agreed to by the provider and the Division. The Department, in consultation with the Office of Racial Equity and stakeholders, shall adopt rules pursuant to 3 V.S.A. chapter 25 that define "enrollment" and the total number of allowable absences to continue participating in the Child Care Financial Assistance Program. The Department shall minimize itemization of absence categories.~~

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

~~(c)(1) The payment schedule established by the Commissioner may reimburse providers in accordance with the results of the most recent Vermont Child Care Market Rate Survey.~~

~~(2) The payment schedule shall include reimbursement rate caps tiered in relation to provider ratings in the Vermont STARS program. The lower limit of the reimbursement rate caps shall be not less than the 50th percentile of all reported rates for the same provider setting in each rate category. [Repealed.]~~

Sec. 9a. 33 V.S.A. § 3514 is amended to read:

§ 3514. PAYMENT TO PROVIDERS

(a)(1) The Commissioner shall establish a payment schedule for purposes of reimbursing providers for full- or part-time child care services rendered to families who participate in the programs established under section 3512 or

3513 of this title. The payment schedule shall account for the age of the children served, and all providers in the same child care setting category shall receive a reimbursement rate payment, which shall be dependent upon whether the provider operates a child care center and preschool program, family child care home, or afterschool or summer care program. The adjusted reimbursement rate shall then be adjusted to account for the differential between family child care homes and center-based child care and preschool programs by 50 percent. The rate used to reimburse providers shall be increased over the previous year's rate annually in alignment with the most recent annual average wage growth for NAICS code 611, Educational Services, not to exceed five percent.

\* \* \*

Sec. 10. 33 V.S.A. § 3515 is added to read:

§ 3515. 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 sections 3512 and 3513 of this title. Annually, consistent with funds appropriated for this purpose, the Commissioner may provide a child care provider with an incentive payment for the following achievements:

(1) achieving a higher level in the quality rating and improvement system, including increasing access to and provision of culturally competent care and multilingual programming and providing other family support services similar to those provided in approved Head Start programs;

(2) increasing infant and toddler capacity;

(3) maintaining existing infant and toddler capacity;

(4) establishing capacity in regions of the State that are identified by the Commissioner as underserved;

(5) providing nonstandard hours of child care services;

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

(7) 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. 10a. LEGISLATIVE INTENT; CHILD CARE QUALITY AND  
CAPACITY INCENTIVE PROGRAM

It is the intent of the General Assembly that in fiscal year 2025 and in future fiscal years, at least \$10,000,000.00 is appropriated for the child care quality and capacity incentive program established in 33 V.S.A. § 3515.

Sec. 11. 33 V.S.A. § 3516 is added to read:

§ 3516. 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. 12. 33 V.S.A. § 3517 is added to read:

§ 3517. CHILD CARE TUITION RATES

A child care provider shall ensure that its tuition rates are available to the public. A regulated child care provider shall not impose an increase on annual child care tuition that exceeds 1.5 times the most recent annual increase in the NAICS code 611, Educational Services. This amount shall be posted on the Department's website annually.

Sec. 12a. 33 V.S.A. § 3518 is added to read:

§ 3518. CHILD CARE PROVIDER OWNERSHIP DISCLOSURE

(a) As used in this section:

(1) "Affiliate" means a person that directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or control with another person.

(2) "Applicant" means a person that applies to be eligible to receive State funding for child care services pursuant to a provider rate agreement.

(3) "Controls," "is controlled by," and "under common control" mean the power to direct, or cause the direction or management and policies of a person, whether through the direct or beneficial ownership of voting securities, by contract, or otherwise. A person who directly or beneficially owns 10 percent or more equity interest, or the equivalent thereof, of another person shall be deemed to control the person.



(4) “Owner” means a person who controls an applicant.

(5) “Principal” means one of the following:

(A) the president, vice president, secretary, treasurer, manager, or similar officer of a corporation as provided for by 11A V.S.A. § 8.40, nonprofit corporation as provided for by 11B V.S.A. § 8.40, mutual benefit enterprise as provided for by 11C V.S.A. § 822, cooperative as provided for by 11 V.S.A. § 1013, or worker cooperative corporation as provided for by 11 V.S.A. § 1089;

(B) a director of a corporation as provided for by 11A V.S.A. § 8.01, nonprofit corporation as provided for by 11B V.S.A. § 8.01, mutual benefit enterprise as provided for by 11C V.S.A. § 801, cooperative as provided for by 11 V.S.A. § 1006, or worker cooperative corporation as provided for by 11 V.S.A. § 1089;

(C) a member of a member-managed limited liability company as provided for by 11 V.S.A. § 4054;

(D) a manager of a manager-managed limited liability company as provided for by 11 V.S.A. § 4054; or

(E) a partner of a partnership as provided for by 11 V.S.A. § 3212 or a general partner of a limited partnership as provided for by 11 V.S.A. chapter 23.

(b) Disclosure. The Department shall adopt procedures to require each applicant to disclose, prior to entering a provider rate agreement:

(1) the type of business organization of the applicant;

(2) the identity of the applicant’s owners and principals; and

(3) the identity of the owners and principals of the applicant’s affiliates.

Sec. 12b. 33 V.S.A. § 3519 is added to read:

#### § 3519. DIVERSITY, EQUITY, AND INCLUSION

The Department shall consult with the Office of Racial Equity in preparing all public materials and trainings related to the Child Care Financial Assistance Program.

#### Sec. 13. RULEMAKING; PROGRAM DIRECTORS

(a) The Department for Children and Families shall amend the following rules pursuant to 3 V.S.A. chapter 25 to require that a program director is present at the child care facility that the program director operates at least 40 percent of the time that children are present:

(1) Department for Children and Families, Licensing Regulations for Afterschool and Child Care Programs (CVR 13-171-003); and

(2) Department for Children and Families, Licensing Regulations for Center-Based Child Care and Preschool Programs (CVR 13-171-004).

(b) The Department shall review and consider amending its:

(1) rule prohibiting a person or entity registered or licensed to operate a family child care home from concurrently operating a center-based child care and preschool program or afterschool and summer care program; and

(2) eligibility policies addressing self-employment and other areas of specialized need on a regular basis and revise them consistent with research on best practices in the field to maximize participation in the program and minimize undue burden on families applying for the Child Care Financial Assistance Program.

\* \* \* Report \* \* \*

#### Sec. 14. REPORT; BACKGROUND CHECKS

On or before January 15, 2024, the Vermont Crime Information Center, in collaboration with the Agency of Education and the Department for Children and Families, shall submit a report to the House Committee on Human Services and to the Senate Committee on Health and Welfare providing a recommendation to streamline and improve the timeliness of the background check process for child care and early education providers who are required to complete two separate background checks.

Sec. 15. [Deleted.]

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

#### Sec. 16. PLAN; SPECIAL ACCOMMODATIONS GRANT

On or before July 1, 2024, the Department for Children and Families' Child Development Division, in consultation with stakeholders, shall develop and submit an implementation plan to the House Committee on Human Services and to the Senate Committee on Health and Welfare to streamline and improve the responsiveness and effectiveness of the application process for special accommodation grants, including:

(1) implementing a 12-month or longer grant cycle option for eligible 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 considerations the Department deems essential to the goal of streamlining the application process for special accommodation grants.

\* \* \* Workforce Supports \* \* \*

Sec. 17. 2021 Acts and Resolves No. 45, Sec. 8 is amended to read:

Sec. 8. REPEALS

(a) ~~33 V.S.A. § 3541(d) (reference to student loan repayment assistance program) is repealed on July 1, 2026. [Repealed.]~~

(b) 33 V.S.A. § 3542 (scholarships for prospective early childhood providers) is repealed on July 1, 2026.

(c) ~~33 V.S.A. § 3543 (student loan repayment assistance program) is repealed on July 1, 2026. [Repealed.]~~

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

Sec. 18. CHILD CARE; ADMINISTRATIVE SERVICE ORGANIZATIONS

On or before February 15, 2024, the Department for Children and Families shall provide a presentation to the House Committee on Human Services and to the Senate Committee on Health and Welfare regarding the feasibility of and any progress towards establishing administrative service organizations for child care providers.

Sec. 19. 33 V.S.A. § 4605 is added to read:

§ 4605. TECHNICAL ASSISTANCE; ACCOUNTABILITY

In order to ensure the successful implementation of expanded child care, prekindergarten, and afterschool and summer care, Building Bright Futures shall be responsible for monitoring accountability, supporting stakeholders in collectively defining and measuring success, maximizing stakeholder engagement, and providing technical assistance to build capacity for the Department for Children and Families' Child Development Division and the Agency of Education. Specifically, Building Bright Futures shall:

(1) ensure accountability through monitoring transitions over time and submitting a report with the results of this work on January 15 of each year to the House Committee on Human Services and to the Senate Committee on Health and Welfare; and

(2) define and measure success of expanded child care, prekindergarten, and afterschool and summer care related to process, implementation, and

outcomes using a continuous quality improvement framework and engage public, private, legislative, and family partners to develop benchmarks pertaining to:

(A) equitable access to high-quality child care;

(B) equitable access to high-quality prekindergarten;

(C) equitable access to high-quality afterschool and summer care;

(D) stability of the early child care education workforce;

(E) workforce capacity and needs of the child care, prekindergarten, afterschool and summer care systems; and

(F) the impact of this act on a mixed-delivery system for prekindergarten, child care, and afterschool and summer care.

#### Sec. 20. APPROPRIATION; BUILDING BRIGHT FUTURES

Of the funds appropriated in Sec. 7(b) (appropriation; child care financial assistance program) of this act, the Department for Children and Families shall allocate \$266,707.00 to Building Bright Futures for the purpose of implementing its duties under 33 V.S.A. § 4605. This amount shall become part of the Department's base for the purpose of supporting Building Bright Future's work pursuant to 33 V.S.A. § 4605.

#### Sec. 21. PLAN; DEPARTMENT FOR CHILDREN AND FAMILIES;

##### GOVERNANCE

(a) On or before November 1, 2025, the Secretary of Human Services shall submit an implementation plan to the House Committees on Appropriations, on Government Operations and Military Affairs, and on Human Services and to the Senate Committees on Appropriations, on Government Operations, and on Health and Welfare regarding the reorganization of the Department for Children and Families to increase responsiveness to Vermonters and elevate the status of child care and early education within the Agency of Human Services. The implementation plan shall be consistent with the goals of the report produced pursuant to 2021 Acts and Resolves No. 45, Sec. 13. It shall achieve greater parity in decision-making authority, roles and responsibilities, and reporting structure related to early care and learning across the Agency of Education and Agency of Human Services.

(b) The implementation plan required pursuant to this section shall contain any legislative language required for the division of the Department.

\* \* \* \* Child Care Provider Wages \* \* \*

Sec. 23. WAGES FOR CHILD CARE PROVIDERS; INTENT

It is the intent of the General Assembly that, upon reaching the provider reimbursement rates recommended by the report produced pursuant to 2021 Acts and Resolves No. 45, Sec. 14:

(1) Vermont shall establish minimum wage rates for child care providers that align with the recommendations of the Vermont Association for the Education of Young Children's recommendations in the 2021 Advancing ECE as a Profession Task Force report;

(2) the minimum wage rates shall annually increase based on the percentage increase in the average wage for NAICS code 611, Educational Services; and

(3) the initial minimum wage rates shall be adjusted for inflation based on the findings and recommendations of the report prepared pursuant to Sec. 23a of this act.

Sec. 23a. REPORT; CHILD CARE PROVIDER WAGES

On or before January 1, 2026, the Joint Fiscal Office shall submit information to the House Committees on Human Services and on Ways and Means and to the Senate Committees on Health and Welfare and on Finance providing estimated current minimum wage levels based on Vermont and other state data regarding wage levels for early care and education providers.

\* \* \* Personal Income Tax Rates \* \* \*

Sec. 24. PERSONAL INCOME TAX RATES; TAXABLE YEAR 2024

(a) For taxable years beginning on and after January 1, 2024, after taking into consideration any inflation adjustments to taxable income as required by 32 V.S.A. § 5822(b)(2), all personal income tax rates under 32 V.S.A. § 5822(a)(1)–(5) shall be increased as follows:

(1) taxable income that without the passage of this act would have been subject to a rate of 3.35 percent shall be taxed at the rate of 3.65 percent instead;

(2) taxable income that without the passage of this act would have been subject to a rate of 6.60 percent shall be taxed at the rate of 7.30 percent instead;

(3) taxable income that without the passage of this act would have been subject to a rate of 7.60 percent shall be taxed at the rate of 8.30 percent instead; and

(4) taxable income that without the passage of this act would have been subject to a rate of 8.75 percent shall be taxed at the rate of 9.60 percent instead.

(b) When preparing the Vermont Statutes Annotated for publication, the Office of Legislative Counsel shall revise the tables in 32 V.S.A. § 5822(a)(1)–(5) as follows:

(1) to reflect the changes to the income tax rates made under subsection (a) of this section; and

(2) to update the taxable income brackets to the most recent taxable year amounts available that have been adjusted for inflation as required by 32 V.S.A. § 5822(b)(2).

#### Sec. 25. PERSONAL INCOME TAX RATES; TAXABLE YEAR 2027

(a) For taxable years beginning on and after January 1, 2027, after taking into consideration any inflation adjustments to taxable income as required by 32 V.S.A. § 5822(b)(2), all personal income tax rates under 32 V.S.A. § 5822(a)(1)–(5) shall be increased as follows:

(1) taxable income that without the passage of this act would have been subject to a rate of 3.65 percent shall be taxed at the rate of 3.80 percent instead;

(2) taxable income that without the passage of this act would have been subject to a rate of 7.30 percent shall be taxed at the rate of 7.50 percent instead;

(3) taxable income that without the passage of this act would have been subject to a rate of 8.30 percent shall be taxed at the rate of 8.55 percent instead; and

(4) taxable income that without the passage of this act would have been subject to a rate of 9.60 percent shall be taxed at the rate of 10.05 percent instead.

(b) When preparing the Vermont Statutes Annotated for publication, the Office of Legislative Counsel shall revise the tables in 32 V.S.A. § 5822(a)(1)–(5) as follows:

(1) to reflect the changes to the income tax rates made under subsection (a) of this section; and

(2) to update the taxable income brackets to the most recent taxable year amounts available that have been adjusted for inflation as required by 32 V.S.A. § 5822(b)(2).

\* \* \* Corporate Income Tax Rates \* \* \*

Sec. 26. 32 V.S.A. § 5832 is amended to read:

§ 5832. TAX ON INCOME OF CORPORATIONS

A tax is imposed for each calendar year, or fiscal year ending during that calendar year, upon the income earned or received in that taxable year by every taxable corporation, reduced by any Vermont net operating loss allowed under section 5888 of this title, such tax being the greater of:

- (1) an amount determined in accordance with the following schedule:

Vermont net income of the corporation  
for the taxable year allocated or  
apportioned to Vermont  
under section 5833 of this title

	Tax
\$ 0–10,000.00	<del>6.00%</del> <u>6.5%</u>
10,001.00–25,000.00	\$600.00 plus <del>7.0%</del> <u>8.0%</u> of the excess over \$10,000.00
25,001.00 and over	\$1,650.00 plus <del>8.5%</del> <u>10.0%</u> of the excess over \$25,000.00

or

\* \* \*

\* \* \* Earned Income Tax Credit; Child Tax Credit \* \* \*

Sec. 27. 32 V.S.A. § 5828b(a) is amended to read:

(a) A resident individual or part-year resident individual who is entitled to an earned income tax credit granted under the laws of the United States or who would have been entitled to an earned income tax credit under the laws of the United States but for the fact that the individual, the individual's spouse, or one or more of the individual's children does not have a qualifying taxpayer identification number shall be entitled to a credit against the tax imposed for each year by section 5822 of this title. The credit shall be 38 percent of the earned income tax credit granted to the individual under the laws of the United States or that would have been granted to the individual under the laws of the United States but for the fact that the individual, the individual's spouse, or one or more of the individual's children does not have a qualifying taxpayer

identification number, multiplied by the percentage that the individual's earned income that is earned or received during the period of the individual's residency in this State bears to the individual's total earned income.

Sec. 28. 32 V.S.A. § 5828b is amended to read:

§ 5828b. EARNED INCOME TAX CREDIT

(a)(1) A resident individual or part-year resident individual who is entitled to an earned income tax credit granted under the laws of the United States or who would have been entitled to an earned income tax credit under the laws of the United States but for the fact that the individual, the individual's spouse, or one or more of the individual's children does not have a qualifying taxpayer identification number shall be entitled to a credit against the tax imposed for each year by section 5822 of this title. The credit shall be 38 percent a percentage, as determined under subdivision (2) of this subsection, of the earned income tax credit granted to the individual under the laws of the United States or that would have been granted to the individual under the laws of the United States but for the fact that the individual, the individual's spouse, or one or more of the individual's children does not have a qualifying taxpayer identification number, multiplied by the percentage that the individual's income that is earned or received during the period of the individual's residency in this State bears to the individual's total income.

(2) The credit under this section shall be a percentage of the earned income tax credit granted to the individual under the laws of the United States, which shall be determined as follows:

(A) for an individual who claims one qualifying child or more than one qualifying children for purposes of the earned income tax credit under this section during the taxable year, 55 percent; and

(B) for an individual who does not claim any qualifying children for purposes of the earned income tax credit under this section during the taxable year, 100 percent.

\* \* \*

Sec. 29. 32 V.S.A. § 5830f(a) is amended to read:

(a) A resident individual or part-year resident individual who is entitled to a child tax credit under the laws of the United States or who would have been entitled to a child tax credit under the laws of the United States but for the fact that the individual or the individual's spouse does not have a taxpayer identification number shall be entitled to a refundable credit against the tax imposed by section 5822 of this title for the taxable year. The total credit per taxable year shall be in the amount of \$1,000.00 per qualifying child, as



defined under 26 U.S.C. § 152(c) but notwithstanding the taxpayer identification number requirements under 26 U.S.C. § 24(e) and (h)(7), who is five years of age or younger as of the close of the calendar year in which the taxable year of the taxpayer begins. For a part-year resident individual, the amount of the credit shall be multiplied by the percentage that the individual's income that is earned or received during the period of the individual's residency in this State bears to the individual's total income.

Sec. 30. 32 V.S.A. § 5830 is added to read:

§ 5830. TAXPAYER IDENTIFICATION NUMBERS; CREDITS

(a) The Commissioner shall provide a process for an individual to claim the child tax credit or the earned income tax credit, or both, pursuant to subsections 5828b(a) and 5830f(a) of this title when the individual, the individual's spouse, or one or more of the individual's qualifying children does not have a taxpayer identification number. The Commissioner shall not inquire about or record the citizenship and immigration status of an individual, an individual's spouse, or one or more of an individual's qualifying children when an individual claims one or more credits pursuant to this section and subsections 5828b(a) and 5830f(a) of this title.

(b) Upon the Commissioner's request, an individual who claims one or more credits pursuant to subsections 5828b(a) and 5830f(a) of this title shall provide valid documents establishing the identity and income for the taxable year of the individual and, as applicable, the individual's spouse and qualifying children. Upon receiving a valid Social Security number issued by the Social Security Administration, the individual shall notify the Commissioner in the time and manner prescribed by the Commissioner.

(c) All claims submitted and records created pursuant to this section and subsections 5828b(a) and 5830f(a) of this title shall be exempt from public inspection and copying under the Public Records Act 1 V.S.A. § 317(c)(6) and shall be kept confidential as return or return information pursuant to section 3102 of this title.

Sec. 31. 32 V.S.A. § 5830f(d) is added to read:

(d)(1) The Commissioner shall establish a program to make advance quarterly payments of the credit under this section during the calendar year that, in the aggregate, equal 50 percent of the annual amount of the credit allowed to each individual for the taxable year. The quarterly payments made to an individual during the calendar year shall be in equal amounts, except that the Commissioner may modify the quarterly amount upon receipt of any information furnished by the individual that allows the Commissioner to

determine the annual amount. The remaining 50 percent of the annual amount of the credit allowed to each individual shall be determined at the time of filing a Vermont personal income tax return for the taxable year pursuant to section 5861 of this title.

(2) The Commissioner shall provide a process by which individuals may elect not to receive advance payments under this subsection.

\* \* \* SALT deduction cap workaround \* \* \*

Sec. 32. 32 V.S.A. chapter 151, subchapter 10C is added to read:

Subchapter 10C. Elective Pass-Through Entity Income Tax

§ 5921a. DEFINITIONS

As used in this subchapter:

(1) “Distributive proceeds” means the net income, dividends, royalties, interest, rents, guaranteed payments, and gains of a pass-through entity derived from or connected with sources within the State.

(2) “Member” means:

(A) a member of a limited liability company taxed as a partnership or S corporation for federal and state income tax purposes; a partner in a general, limited, or limited liability partnership; or a shareholder of an S corporation, provided the member is a natural person;

(B) a grantor trust that passes all income through to a grantor who is subject to personal income tax on that income under section 5822 of this title;  
or

(C) a single-member limited liability company disregarded for federal income tax purposes.

(3) “Pass-through entity” means a limited liability company taxed as a partnership or S corporation for federal and state income tax purposes, a partnership, or an S corporation. “Pass-through entity” does not mean a publicly traded partnership or a single-member limited liability company.

(4) “Pass-through entity business income tax” means the tax imposed under this subchapter.

(5) “Share of distributive proceeds” means the portion of distributive proceeds attributable to a member of a pass-through entity during a taxable year.

§ 5921b. PASS-THROUGH ENTITY INCOME TAX; ELECTION

(a) A pass-through entity may elect to be liable for and pay a pass-through entity income tax during the taxable year, provided:

(1) at least one member of the entity is liable for income tax under this chapter on that member's share of distributive proceeds of the pass-through entity during a taxable year;

(2) each member of the pass-through entity is a natural person, a single-member limited liability company disregarded for federal income tax purposes, or a grantor trust that passes all income through to a grantor who is subject to personal income tax on that income under section 5822 of this title;

(3) no member is a C corporation or another pass-through entity; and

(4) consent is given by:

(A) each member of the electing entity who is a member at the time the election is filed; or

(B) any officer, manager, or member of the electing entity who is authorized, under law or the entity's organizational documents, to make the election and who represents having such authority under penalties of perjury.

(b) The tax imposed on a pass-through entity under this section shall be equal to the sum of each member's share of taxable distributive proceeds attributable to the pass-through entity for the taxable year, multiplied by the second-highest marginal tax rate in section 5822 of this chapter.

(c) The election under this section shall be made annually, on or before the due date for filing the entity's return as established by the Commissioner, and shall not apply retroactively. An election made under this section shall be binding on all members of the pass-through entity for the year in which the election is made. If the members decide to revoke an election, that revocation shall occur on or before the due date for filing the entity's return.

(d) Each pass-through entity that makes an election for a taxable year under this section shall annually report to each of its members the member's share of distributive proceeds for the taxable year.

(e) Each pass-through entity that makes an election for a taxable year under this section shall file an entity tax return and make payments on or before the 15th day of the third month following the close of each entity's taxable year as determined for federal income tax purposes. A pass-through entity shall make estimated entity tax payments as provided under subchapters 10A and 10B of this chapter except that a pass-through entity shall make the estimated entity tax payments for residents and nonresidents alike.

(f) An individual who is a member or who receives income from a disregarded entity that is a member as defined in section 5921a of this title shall not be liable for the personal income tax imposed under section 5822 of this chapter and shall not be required to file a personal income tax return as prescribed under section 5861 of this chapter, provided:

(1) the individual is a nonresident of this State; and

(2) the individual's only Vermont income during the taxable year is derived from a pass-through entity that has paid the tax imposed under this section on the individual's Vermont income.

§ 5921c. REFUNDABLE INCOME TAX CREDIT; INDIVIDUAL

MEMBERS OF PASS-THROUGH ENTITIES

An individual taxpayer of this State shall be entitled to a refundable credit against the income tax paid under this chapter for the taxable year, provided the individual is a member or receives income from a disregarded entity that is a member of a pass-through entity that elects under section 5921b of this chapter to be liable for and pay the pass-through entity income tax during the taxable year. For each pass-through entity of which the individual is a member, the amount of the credit shall equal 87.5 percent of the individual's pro rata share of the tax paid under section 5921b of this chapter for the taxable year, and that credit shall be available to the individual during the same taxable year. The credit under this section shall be available after the application of all other credits allowed by law and claimed by the individual during the taxable year.

Sec. 33. 32 V.S.A. § 5825 is amended to read:

§ 5825. CREDIT FOR TAXES PAID TO OTHER STATES AND PROVINCES

\* \* \*

(c) The credit claimed under this section shall include an amount of the tax paid to another state that imposes a tax on the distributive proceeds of a pass-through entity, provided the other state's tax is substantially similar to the pass-through entity income tax imposed under subchapter 10C of this chapter. The nonrefundable credit under this subsection shall equal 87.5 percent of the taxpayer's pro rata share of tax paid to another state, provided the amount of the credit does not exceed the amount of pass-through entity business income tax owed or that would have been owed if the pro rata share of tax paid were subject to the pass-through entity income tax under subchapter 10C of this

chapter. As used in this subsection, “distributive proceeds” and “pass-through entity” have the same meanings as under section 5921a of this chapter.

Sec. 34. REPEALS; SALT DEDUCTION CAP WORKAROUND

(a) 32 V.S.A. chapter 151, subchapter 10C (elective pass-through entity income tax) is repealed.

(b) 32 V.S.A. § 5825(c) (credit for taxes paid to other states and provinces) is repealed.

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

Sec. 35. EFFECTIVE DATES

(a) Except as provided in subsection (b) of this section, this act shall take effect on July 1, 2023.

(b)(1) Sec. 3 (determination of weighted long-term membership and per pupil education spending) shall take effect on July 1, 2026, subject to the contingency provisions in Sec. 3a.

(2) Sec. 5 (Child Care Financial Assistance Program; eligibility), Sec. 6 (provider rate adjustment; Child Care Financial Assistance Program), Sec. 9 (payment to providers), and Sec. 12 (child care tuition rates) shall take effect on January 1, 2024, except that the Commissioner for Children and Families shall initiate any rulemaking necessary prior to that date in order to perform the Commissioner’s duties under this act.

(3) Sec. 5a (Child Care Financial Assistance Program; eligibility) and Sec. 5d (fiscal year 2024; family contribution) shall take effect on April 1, 2024, except that the Commissioner for Children and Families shall initiate any rulemaking necessary prior to that date in order to perform the Commissioner’s duties under this act.

(4) Sec. 5b (Child Care Financial Assistance Program; eligibility), Sec. 9a (payment to providers), and Sec. 10 (child care quality and capacity incentive program) shall take effect on July 1, 2024, except that the Commissioner for Children and Families shall initiate any rulemaking necessary prior to that date in order to perform the Commissioner’s duties under this act.

(5) Sec. 5c (Child Care Financial Assistance Program; eligibility) shall take effect on October 1, 2024.

(6) Secs. 24 (personal income tax rates; taxable year 2024), 26 (32 V.S.A. § 5832; corporate income tax rates), and 28 (32 V.S.A. § 5828b; earned

income tax credit) shall take effect on January 1, 2024 and shall apply to taxable years beginning on and after January 1, 2024.

(7) Sec. 25 (personal income tax rates; taxable year 2027) shall take effect on January 1, 2027. Sec. 25 shall apply to taxable years beginning on and after January 1, 2027.

(8) Notwithstanding 1 V.S.A. § 214, Secs. 27 (earned income tax credit; taxpayer identification numbers), 29 (child tax credit; taxpayer identification numbers), 30 (taxpayer identification numbers; credits), and 32 and 33 (SALT deduction cap workaround) shall take effect retroactively on January 1, 2023 and shall apply to taxable years beginning on and after January 1, 2023.

(9) Sec. 31 (child tax credit; advance payments) shall take effect on the later of July 1, 2023 or the first day of the second quarter of the State fiscal year after the requirement to include recurring or nonrecurring State payments of income tax refunds, rebates, or credits in income-based eligibility determinations for any federal public assistance program, including the Supplemental Nutrition Assistance Program; the Special Supplemental Nutrition Program for Women, Infants, and Children; federal child care assistance; and Supplemental Security Income, is abrogated by one or more of the following federal actions:

(A) enactment of federal legislation;

(B) a decision by a controlling court from which there is no further right of appeal; or

(C) publication of federal regulations, guidelines, memorandum, or any other official action taken by the relevant federal agency with the authority to alter income-based eligibility determinations for federal public assistance programs.

(10) Sec. 34 (repeals; SALT deduction cap workaround) shall take effect on the later of December 31, 2025 or the date on which the federal limitation on individual deductions for state and local taxes under 26 U.S.C. § 164(b)(6) is repealed or otherwise abrogated.

**(Committee Vote: 9-3-0)**

**Rep. Scheu of Middlebury**, for the Committee on Appropriations, recommends that the report of the Committee on Ways and Means be amended as follows:

First: In Sec. 6, provider rate adjustment; Child Care Financial Assistance Program, in subdivision (a)(1), by striking out the phrase “the professional pay

scale established pursuant to 33 V.S.A. § 3544” and inserting in lieu thereof “a professional pay scale”

Second: In Sec. 23, wages for child care providers; intent, by striking out “shall” in the three places it appears and inserting in lieu thereof “may”

**(Committee Vote: 7-4-1)**

**Amendment to be offered by Rep. Wood of Waterbury to S. 56**

First: In Sec. 7, appropriation; Child Care Financial Assistance Program, in subdivision (b)(1)(J) by striking out “Manger” and inserting “Manager”

Second: By inserting a new Sec. 8a after Sec. 8 to read as follows:

Sec. 8a. 33 V.S.A. § 3514 is amended to read:

§ 3514. PAYMENT TO PROVIDERS

(a) The Commissioner shall establish a payment schedule for purposes of reimbursing providers for full- or part-time child care services 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 and shall reimburse all providers using the fiscal year 2023 5-STAR rate.

\* \* \*

Third: In Sec. 9, 33 V.S.A. § 3514, by striking out subdivision (a)(2) in its entirety and inserting a new subdivision (a)(2) to read as follows:

(2) ~~Payments shall be based on enrollment status or any other basis agreed to by the provider and the Division and shall reimburse all providers using the fiscal year 2023 5-STAR rate.~~ The Department, in consultation with the Office of Racial Equity and stakeholders, shall adopt rules pursuant to 3 V.S.A. chapter 25 that define “enrollment” and the total number of allowable absences to continue participating in the Child Care Financial Assistance Program. The Department shall minimize itemization of absence categories.

Fourth: In Sec. 12a, 33 V.S.A. § 3518, in subdivision (a)(1), by striking out “affiliate” and inserting in lieu thereof “licensee”; in subdivision (b)(3), by striking out “affiliates” and by inserting in lieu thereof “licensees”; in subdivision (a)(4), by striking out “owner” and by inserting in lieu thereof

“licensee”; and in subdivisions (b)(2) and (3), by striking out “owners” in both instances in which it occurs and inserting in lieu thereof “licensees”

## NOTICE CALENDAR

### Governor's Veto

#### H. 158

An act relating to the beverage container redemption system

#### Text of Veto Message

The text of the communication from His Excellency, the Governor, whereby he vetoed and returned unsigned **House Bill No. H. 158** to the House is as follows:

June 29, 2023

The Honorable BetsyAnn Wrask  
Clerk of the Vermont House of Representatives  
State House  
Montpelier, VT 05633

Dear Ms. Wrask:

Pursuant to Chapter II, Section 11 of the Vermont Constitution, I’m returning H.158, *An act relating to the beverage container redemption system*, without my signature with my objections stated below.

I’m a long-time advocate of recycling and support a strong system to help Vermonters do so. But as I’ve consistently said, I believe expanding the labor intensive 1970s-era bottle deposit system would move us backwards, and we should instead focus on investing in and improving zero-sort (or blue bin) recycling.

I’m concerned this bill will result in higher costs for Vermonters due to deposit fees added to a wide range of beverage products; increased handling fees will be passed onto consumers to fund the redemption system; and increased recycling costs for towns, businesses and residents as high-value cans and bottles are removed.

It simply makes no sense to toss aside the progress we’ve made since the mandatory Universal Recycling Law of 2012, to expand a separate system that diverts the most valuable recyclables away from the blue bin system.

Finally, I’m concerned that even with the bill’s efforts to modernize the redemption system, redemption centers are likely to continue to struggle to



find the space needed for more storage and the workforce needed to handle and sort the higher volume.

In light of these objections, I'm returning this legislation without my signature pursuant to Chapter II, Section 11 of the Vermont Constitution.

Sincerely,

Philip B. Scott

Governor

PBS/kp