

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Human Services to which was referred Senate Bill No.
3 56 entitled “An act relating to child care and early childhood education”
4 respectfully reports that it has considered the same and recommends that the
5 House propose to the Senate that the bill be amended by striking out all after
6 the enacting clause and inserting in lieu thereof the following:

7 * * * Legislative Intent * * *

8 Sec. 1. LEGISLATIVE INTENT

9 It is the intent of the General Assembly that investments in and policy
10 changes to Vermont’s child care and early learning system shall:

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

13 (2) increase equitable access to and quality of prekindergarten education
14 for four-year-old children;

15 (3) provide financial stability to child care programs;

16 (4) stabilize Vermont’s talented child care workforce;

17 (5) address the workforce needs of the State’s employers; and

18 (6) maintain a mixed-delivery system for prekindergarten, child care,
19 and afterschool and summer care.

* * * 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. As used in this section, “child” or “children” means a child or children who are four years old on the date by which the child’s school district requires kindergarten students to have attained the age of five or who are five years of age and not yet enrolled in kindergarten.

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

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

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

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

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

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

1 (6) the Executive Director of the Vermont National Education
2 Association or designee;

3 (7) the Chair of the Vermont Council of Special Education
4 Administrators or designee;

5 (8) the Executive Director of the Vermont Curriculum Leaders
6 Association or designee;

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

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

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

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

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

16 (14) two family representatives with a prekindergarten-age child,
17 appointed by the Building Bright Futures Council.

18 (c) Powers and duties. The Committee shall examine the delivery of
19 prekindergarten education in Vermont and make recommendations for
20 implementing equitable access for all children. The Committee shall examine
21 and make recommendations on the changes necessary to provide

1 prekindergarten education to all children through the public school system on
2 or before July 1, 2026.

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

9 (e) Report. On or before December 1, 2024, the Committee shall submit a
10 written report to the House Committees on Education and on Human Services
11 and the Senate Committees on Education and on Health and Welfare with its
12 implementation plan based on the analysis conducted pursuant to subsection
13 (c) of this section. The report shall include draft legislative language to
14 support the Committee's plan.

15 (f) Meetings.

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

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

19 (3) The Committee shall cease to exist on February 1, 2025.

20 (g) Compensation and reimbursement. Members of the Committee who
21 are not employees of the State of Vermont and who are not otherwise

1 compensated or reimbursed for their attendance shall be entitled to per diem
2 compensation and reimbursement of expenses pursuant to 32 V.S.A. § 1010
3 for not more than 10 meetings per year. These payments shall be made from
4 monies appropriated to the Agency of Education.

5 (h) Appropriations.

6 (1) The sum of \$7,500.00 is appropriated to the Agency of Education
7 from the General Fund in fiscal year 2024 for per diem compensation and
8 reimbursement of expenses for members of the Committee.

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

12 (3) Any unused portion of these appropriations shall, as of July 1, 2025,
13 revert to the General Fund.

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

15 § 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP

16 AND PER PUPIL EDUCATION SPENDING

17 * * *

18 (d) Determination of weighted long-term membership. For each weighting
19 category except the small schools weighting category under subdivision (b)(3)
20 of this section, the Secretary shall compute the weighting count by using the

1 long-term membership, as defined in subdivision 4001(7) of this title, in that
2 category.

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

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

7 (B) grades six through eight—0.36; and

8 (C) grades nine through 12—0.39.

9 * * *

10 Sec. 4. PLAN; DEPUTY SECRETARY OF EDUCATION

11 On or before November 1, 2025, the Agency of Education shall submit a
12 plan to the House Committees on Education and on Human Services and to the
13 Senate Committees on Education and on Health and Welfare to implement a
14 second deputy secretary position within the Agency of Education. The second
15 Deputy Secretary shall manage the Division of Student Support Services,
16 which governs special education, early education, and multitiered systems of
17 support.

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

19 Sec. 5. 33 V.S.A. § 3512 is amended to read:

20 § 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;

21 ELIGIBILITY

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

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

1 poverty guidelines for the purpose of determining eligibility and benefit
2 amount under this subsection.

3 (3) Earnings deposited in a qualified child education savings account,
4 such as the Vermont Higher Education Investment Plan, established in
5 16 V.S.A. § 2877, or any similar plan qualified under 26 U.S.C. § 529, shall be
6 disregarded in determining the amount of a family's income for the purpose of
7 determining continuing eligibility.

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

13 * * *

14 **Sec. 5a. 33 V.S.A. § 3512 is amended to read:**

15 **§ 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;**

16 **ELIGIBILITY**

17 (a)(1) The Child Care Financial Assistance Program is established to
18 subsidize, to the extent that funds permit, the costs of child care for families
19 that need child care services in order to obtain employment, to retain
20 employment, or to obtain training leading to employment. Families seeking

1 employment shall be entitled to participate in the Program for up to three
2 months and the Commissioner may further extend that period.

3 * * *

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

6 Applications shall be available in both electronic and paper formats and shall
7 be available in the five most common languages spoken in the State.

8 (6) A Vermont resident who has a citizenship status that would
9 otherwise exclude the resident from participating in the Child Care Financial
10 Assistance Program shall be served under this Program, provided that the
11 benefit for these residents is solely State-funded. The Department shall not
12 retain data on the citizenship status of any applicant or members of the
13 applicant's family.

14 * * *

15 Sec. 5b. FISCAL YEAR 2024; FAMILY CONTRIBUTION

16 In fiscal year 2024, a weekly family contribution for participants in the
17 Child Care Financial Assistance Program established in 33 V.S.A. §§ 3512 and
18 3513 shall begin at \$30.00 for families at 151 percent of the federal poverty
19 level and increase progressively for families at a higher percentage of the
20 federal poverty level as determined by the Department.

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

3 (a) It is the intent of the General Assembly that the provider rate
4 adjustment established in this section shall be utilized to begin implementing
5 the recommendations for a professional pay scale as examined in Sec. 14 of
6 this act.

7 (b)(1) On January 1, 2024, the Department for Children and Families shall
8 provide an adjustment to the base child care provider reimbursement rates in
9 the Child Care Financial Assistance Program for child care services provided
10 by center-based child care and preschool programs, family child care homes,
11 and afterschool and summer programs. The adjusted reimbursement rate shall
12 account for the age of the children served and be 38.5 percent higher than the
13 fiscal year 2023 five-STAR reimbursement rate in the Vermont STARS
14 system. All providers in the same child care setting category shall receive an
15 identical reimbursement rate payment, which shall be dependent upon whether
16 the provider operates a regulated child care center and preschool program,
17 regulated family child care home, or afterschool or summer program.

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

20 Sec. 7. APPROPRIATION; CHILD CARE FINANCIAL ASSISTANCE
21 PROGRAM

1 (a) In addition to fiscal year 2024 funds appropriated for the Child Care
2 Financial Assistance Program in other acts, in fiscal year 2024, \$XX,
3 X00,000.00 is appropriated from the General Fund to the Department for
4 Children and Families’ Child Development Division for the program eligibility
5 expansion in Sec. 5 of this act and for the fiscal year 2024 provider rate
6 adjustment in Sec. 6 of this act. ADD REFERENCE to INCENTIVES

7 (b) In addition to fiscal year 2024 funds appropriated for the administration
8 of the Department for Children and Families’ Child Development Division in
9 other acts, in fiscal year 2024, \$X,000,000.00 is appropriated from the General
10 Fund to the Division to administer the Child Care Financial Assistance
11 Program eligibility expansion in Sec. 5 of this act and for the fiscal year 2024
12 provider rate adjustment in Sec. 6 of this act.

13 Sec. 8. READINESS PAYMENTS AND GRANTS; CHILD CARE

14 FINANCIAL ASSISTANCE PROGRAM

15 (a)(1) In fiscal year 2024, \$XX,000,000.00 is appropriated one time from
16 the General Fund to the Department for Children and Families’ Child
17 Development Division for the purpose of providing payments and grants to
18 child care providers, as defined in 33 V.S.A. § 3511, delivering child care
19 services to children, in preparation of the Child Care Financial Assistance
20 Program eligibility expansion in Sec. 5 of this act and for the fiscal year 2024

1 provider rate adjustment in Sec. 6 of this act. Readiness payments and grants
2 may be used for the following, with priority given to subdivisions (A) and (B):

3 (A) increasing capacity for infants and toddlers;

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

5 (C) improving child care facilities;

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

8 (E) any other uses approved by the Commissioner.

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

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

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

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

21 § 3514. PAYMENT TO PROVIDERS

1 (a)(1) The Commissioner shall establish a payment schedule for purposes
2 of reimbursing providers for full- or part-time child care services rendered to
3 families who participate in the programs established under section 3512 or
4 3513 of this title. ~~Payments established under this section shall reflect the~~
5 ~~following considerations: whether the provider operates a licensed child care~~
6 ~~facility or a registered family child care home, type of service provided, cost of~~
7 ~~providing the service, and the prevailing market rate for comparable service.~~
8 The payment schedule shall account for the age of the children served and all
9 providers in the same child care setting category shall receive an identical
10 reimbursement rate payment, which shall be dependent upon whether the
11 provider operates a child care center and preschool program, family child care
12 home, or afterschool or summer program. The rate used to reimburse
13 providers shall be increased over the previous year’s rate annually on July 1 in
14 alignment with the most recent annual average wage growth for NAICS code
15 611, Educational Services, not to fall below zero percent or to exceed five
16 percent.

17 (2) Payments shall be based on enrollment ~~status or any other basis~~
18 ~~agreed to by the provider and the Division.~~ The Department shall adopt rules
19 pursuant to 3 V.S.A. chapter 25 that define “enrollment” and the total number
20 of allowable absences to continue participating in the Child Care Financial

1 Assistance Program. The Department shall minimize itemization of absence
2 categories.

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

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

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

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

14 § 3515. CHILD CARE QUALITY AND CAPACITY INCENTIVE
15 PROGRAM

16 (a) The Commissioner shall establish a child care quality and capacity
17 incentive program for child care providers participating in the Child Care
18 Financial Assistance Program pursuant to 33 V.S.A. §§ 3512 and 3513.
19 Annually, consistent with funds appropriated for this purpose, the
20 Commissioner may provide a child care provider with an incentive payment
21 for each of the following achievements:

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

3 (2) achieving improvement in the State’s quality recognition and
4 improvement system;

5 (3) increasing infant and toddler capacity;

6 (4) maintaining existing infant and toddler capacity;

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

9 (6) providing other family support services similar to those provided in
10 approved Head Start programs;

11 (7) any other quality- or capacity-specific criteria identified by the
12 Commissioner; and

13 (8) increasing access to culturally-appropriate care.

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

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

17 § 3516. CHILD CARE WAITLIST AND APPLICATION FEES

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

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

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

5 **§ 3517. CHILD CARE TUITION RATES**

6 **A child care provider shall not impose an increase on annual child care**
7 **tuition that is more than 1.5 the consumer price index from the previous year.**

8 **Sec. 13. REPORT; BACKGROUND CHECKS**

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

16 Sec. 14. PROVIDER COMPENSATION AND TOTAL COST OF CARE;
17 RECOMMENDATIONS

18 (a) On or before November 1, 2023, the Department for Children and
19 Families, in consultation with the Department of Labor, the Agency of
20 Education, Building Bright Futures, and the Vermont Association for the
21 Education of Young Children, shall submit a report to the House Committee

1 on Human Services and to the Senate Committee on Health and Welfare

2 addressing the following:

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

6 (2) the structure of tiered professional pay scales for professionals who
7 provide child care services that have been implemented in other jurisdictions;
8 and

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

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

18 (1) A tiered professional pay scale for professionals who provide child
19 care services as defined in 33 V.S.A. § 3511 that is designed to provide
20 professionals who provide child care services with compensation
21 commensurate with their education, duties, and responsibilities. The tiered

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

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

9 * * * Special Accommodations Grant * * *

10 Sec. 15. **PLAN**; SPECIAL ACCOMMODATIONS GRANT

11 On or before July 1, 2024, the Department for Children and Families’ Child
12 Development Division shall develop and submit an implementation plan to the
13 House Committee on Human Services and to the Senate Committee on Health
14 and Welfare to streamline and improve the responsiveness and effectiveness of
15 the application process for special accommodation grants, including:

16 (1) implementing a 12-month grant cycle option for eligible populations;

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

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

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

3 * * * Afterschool and Summer Care Grant Program * * *

4 Sec. 16. 33 V.S.A. chapter 38 is added to read:

5 CHAPTER 38. AFTERSCHOOL AND SUMMER CARE GRANT

6 PROGRAM

7 § 3801. AFTERSCHOOL AND SUMMER CARE GRANT PROGRAM

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

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

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

1 (2) The Agency and Department may jointly contract for the
2 administration of the Program. Administrative costs and technical assistance
3 related to the Afterschool and Summer Care Grant Program shall not exceed
4 \$500,000.00 annually.

5 § 3802. AFTERSCHOOL AND SUMMER CARE SPECIAL FUND

6 (a) There is established a special fund to be known as the Afterschool and
7 Summer Care Special Fund, which shall be used for the purpose of funding the
8 Afterschool and Summer Care Grant Program established pursuant to section
9 3801 of this title.

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

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

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

20 (3) [funding source identified by HWM];

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

1 (5) any other money from any other source accepted for the benefit of
2 the Fund.

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

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

8 § 3803. AFTERSCHOOL AND SUMMER CARE SPECIAL FUND

9 ADVISORY COMMITTEE

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

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

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

19 (b) The Advisory Committee shall comprise the following:

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

1 (2) the Commissioner of Mental Health or designee;

2 (3) the Commissioner of Health or designee;

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

4 (5) the Secretary of Education or designee;

5 (6) a representative appointed by Vermont Afterschool, Inc;

6 (7) a representative of a municipality that operates an afterschool or

7 summer program, appointed by the Vermont League of Cities and Towns; and

8 (8) two parents whose children participate in afterschool or summer

9 program.

10 (c)(1) The Chief Prevention Officer shall call the first meeting of the

11 Advisory Committee to occur on or before September 1, 2023.

12 (2) The Advisory Committee shall meet at such times as may reasonably

13 be necessary to carry out its duties but at least once in each calendar quarter.

14 (3) The Agency of Education and Department for Children and Families

15 shall provide technical, legal, and administrative assistance to the Advisory

16 Committee.

17 (d) Notwithstanding 2 V.S.A. § 20(d), on or before November 15 of each

18 year, the Advisory Committee shall submit a report containing a summary of

19 its activities and any recommendations to the House Committees on

20 Appropriations and on Human Services and to the Senate Committees on

21 Appropriations and on Health and Welfare. The report shall address outcomes

1 data on grants awarded pursuant to section 3801 of this title during the
2 previous year, including:

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

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

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

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

13 Sec. 17. 32 V.S.A. chapter 207 is amended to read:

14 CHAPTER 207. CANNABIS EXCISE TAX AND SALES TAX REVENUE

15 * * *

16 § 7910. CANNABIS SALES TAX REVENUE; AFTERSCHOOL AND
17 SUMMER CARE PROGRAMMING

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

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* * * Workforce Supports * * *

Sec. 18. 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.

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

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

Sec. 19. APPROPRIATION; SCHOLARSHIPS FOR CURRENT EARLY CHILDHOOD PROVIDERS

In fiscal year 2024, \$500,000.00 is appropriated in addition to the base funding to the Department for Children and Families for the purpose of funding scholarships for current early childhood providers pursuant to 33 V.S.A. § 3541.

* * * Transitional Assistance and Governance * * *

Sec. 20. CHILD CARE; ADMINISTRATIVE SERVICE ORGANIZATIONS

On or before January 15, 2024, Building Bright Futures, in consultation with Early Childhood Regional Councils and the Community Child Care Support Agencies, shall submit a report to the House Committee on Human Services and to the Senate Committee on Health and Welfare exploring the

1 feasibility of using regional administrative service organizations to enable
2 child care providers to utilize shared administrative resources.

3 Sec. 21. BUILDING BRIGHT FUTURES; TECHNICAL ASSISTANCE;
4 STAKEHOLDER ENGAGEMENT

5 Of the funds appropriated in Sec. 8 (readiness payments and grants; child
6 care financial assistance program) of this act, up to \$250,000.00 may be used
7 by the Department for Children and Families' Child Development Division to
8 contract for stakeholder engagement and technical assistance services from
9 Building Bright Futures for the purposes of implementing the Division's duties
10 in accordance with this act.

11 Sec. 22. **PLAN; DEPARTMENT FOR CHILDREN AND FAMILIES;**

12 GOVERNANCE

13 (a) On or before November 1, 2025, the Secretary of Human Services shall
14 submit an implementation plan to the House Committees on Appropriations,
15 on Government Operations and Military Affairs, and on Human Services and
16 to the Senate Committees on Appropriations, on Government Operations, and
17 on Health and Welfare regarding the reorganization of the Department for
18 Children and Families into two Departments:

19 (1) the Department for Children and Families, which shall contain the
20 Child Development Division, the Family Services Division, and Children with
21 Special Health Needs; and

1 (2) the Department of Economic Empowerment, which shall contain the
2 Economic Services Division, Disability Determination Services, the Office of
3 Economic Opportunity, and the Office of Child Support.

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

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

7 Sec. 23. 32 V.S.A. chapter 246 is added to read:

8 CHAPTER 246. CHILD CARE AND PARENTAL LEAVE

9 CONTRIBUTION

10 § 10551. PURPOSE

11 The Child Care and Parental Leave Contribution is established to provide
12 funding for the Child Care Financial Assistance Program established in 33
13 V.S.A. §§ 3512 and 3513, including the provision of incentive payments
14 pursuant to 33 V.S.A. § 3515, and the Parental Leave Benefit Program
15 established pursuant to 33 V.S.A. § 2201.

16 § 10552. DEFINITIONS

17 As used in this chapter:

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

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

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

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

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

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

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

13 § 10553. CONTRIBUTION; RATE; COLLECTION

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

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

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

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

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

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

1 § 10554. CHILD CARE AND PARENTAL LEAVE CONTRIBUTION

2 SPECIAL FUND

3 (a) The Child Care and Parental Leave Contribution Special Fund is
4 created pursuant to chapter 7, subchapter 5 of this title and shall be
5 administered by the Department for Children and Families and the Department
6 of Taxes. Monies in the Fund may be expended by the Department of Taxes
7 for the administration of the Child Care and Parental Leave Contribution
8 created under this chapter, by the Department for Children and Families for
9 benefits provided by the Child Care Financial Assistance Program established
10 in 33 V.S.A. §§ 3512 and 3513, including the provision of incentive payments
11 pursuant to 33 V.S.A. § 3515 and under the Parental Leave Benefit Program
12 established pursuant to 33 V.S.A. § 2201, and by the Departments for
13 necessary costs incurred in administering the Fund. All interest earned on
14 Fund balances shall be credited to the Fund.

15 (b) The Fund shall consist of:

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

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

20 (3) any interest earned by the Fund.

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

3 Sec. 24. CHILD CARE AND PARENTAL LEAVE CONTRIBUTION
4 POSITIONS AND APPROPRIATION

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

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

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

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

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

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

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

1 * * * Parental Leave Benefit Program * * *

2 Sec. 25. 33 V.S.A. chapter 22 is added to read:

3 CHAPTER 22. PARENTAL LEAVE BENEFIT PROGRAM

4 § 2201. PARENTAL LEAVE BENEFIT PROGRAM

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

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

12 (2) intends to either:

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

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

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

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

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

4 (C) Benefits may be provided for:

5 (i) a single continuous leave;

6 (ii) intermittent leaves; or

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

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

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

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

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

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

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

13 (A) an application;

14 (B) either:

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

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

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

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

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

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

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

20 (f) As used in this section:

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

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

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

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

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

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

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

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

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

18 Sec. 26. APPROPRIATIONS; PARENTAL LEAVE BENEFIT PROGRAM

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

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

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

8 * * * Effective Dates * * *

9 Sec. 27. EFFECTIVE DATES

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

12 (b)(1) Sec. 3 (determination of weighted long-term membership) shall take
13 effect on July 1, 2026.

14 (2) Sec. 5 (Child Care Financial Assistance Program; eligibility), Sec. 6
15 (provider rate adjustment; Child Care Financial Assistance Program), Sec. 9
16 (payment to providers), and Sec. 10 (child care quality and capacity incentive
17 program) shall take effect on January 1, 2024, except that the Commissioner
18 for Children and Families shall adopt any rules necessary prior to that date in
19 order to perform the Commissioner's duties under this act.

20 (3) Sec. 5a (Child Care Financial Assistance Program; eligibility) shall
21 take effect on July 1, 2024.

1 (4) Sec. 23 (32 V.S.A. chapter 246, child care and parental leave
2 contribution) shall take effect on July 1, 2024.

3 (5) Sec. 25 (relating to the Parental Leave Benefit Program) shall take
4 effect on January 1, 2024.

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12 (Committee vote: _____)

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Representative _____

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FOR THE COMMITTEE