

1 TO THE HONORABLE SENATE:

2 The Committee on Appropriations to which was referred House Bill No.
3 217 entitled “An act relating to miscellaneous workers’ compensation
4 amendments” respectfully reports that it has considered the same and
5 recommends that the Senate propose to the House that the bill be amended by
6 striking out all after the enacting clause and inserting in lieu thereof the
7 following:

8 * * * Legislative Intent * * *

9 Sec. 1. LEGISLATIVE INTENT

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

12 (1) increase access to and the quality of child care services and
13 after-school and summer care programs throughout the State;

14 (2) increase equitable access to and quality of prekindergarten education
15 for children four years of age;

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

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

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

19 (6) maintain a mixed-delivery system for prekindergarten, child care,

20 and after-school and summer care; and

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

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

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

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

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

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

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

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

17 (K) a representative of a prequalified private provider as defined in
18 16 V.S.A. § 829, providing prekindergarten education at a regulated family
19 child care home, appointed by the Committee on Committees;

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

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

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

2 (O) a representative, appointed by the Vermont Association for the

3 Education of Young Children;

4 (P) a regional prekindergarten coordinator, appointed by the Vermont

5 Principals' Association; and

6 (Q) two family representatives, one with a child three years of age or

7 younger when the Committee initially convenes and the second with a

8 prekindergarten-age child when the Committee initially convenes, appointed

9 by the Building Bright Futures Council.

10 (2) The Committee shall consult with any stakeholder necessary to

11 accomplish the purposes of this section, including stakeholders with

12 perspectives specific to diversity, equity, and inclusion.

13 (c) Powers and duties. The Committee shall examine the delivery of

14 prekindergarten education in Vermont and make recommendations to expand

15 access for children through the public school system or private providers under

16 contract with the school district, or both. The Committee shall examine and

17 make recommendations on the changes necessary to provide prekindergarten

18 education to all children by or through the public school system on or before

19 July 1, 2026. The Committee's analysis may yield distinct recommendations

20 for different prekindergarten ages. The Committee's recommendation shall

21 consider:

- 1 (1) the needs of both the State and local education agencies;
 - 2 (2) the minimum number of hours that shall constitute a full school day
 - 3 for both prekindergarten and kindergarten;
 - 4 (3) whether there are areas of the State where prekindergarten education
 - 5 can be more effectively and conveniently furnished in an adjacent state due to
 - 6 geographic considerations;
 - 7 (4) benchmarks and best practices to ensure high-quality
 - 8 prekindergarten education;
 - 9 (5) measures to ensure capacity is available to meet the demand for
 - 10 prekindergarten education;
 - 11 (6) special education services for children participating in
 - 12 prekindergarten in both public and private settings;
 - 13 (7) any necessary infrastructure changes to expand prekindergarten;
 - 14 (8) costs associated with expanding prekindergarten, including fiscally
 - 15 strategic options to sustain an expansion of prekindergarten;
 - 16 (9) recommendations for the oversight of the prekindergarten system;
 - 17 and
 - 18 (10) any other issue the Committee deems relevant.
- 19 (d) Assistance. The Committee shall have the administrative, technical,
- 20 fiscal, and legal assistance of the Agencies of Education and of Human
- 21 Services. If the Agencies are unable to provide the Committee with adequate

1 support to assist with its administrative, technical, fiscal, or legal needs, then
2 the Agency of Education shall retain a contractor with the necessary expertise
3 to assist the Committee.

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

10 (f) Meetings.

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

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

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

15 (g) Compensation and reimbursement. Members of the Committee who
16 are not employees of the State of Vermont and who are not otherwise
17 compensated or reimbursed for their attendance shall be entitled to per diem
18 compensation and reimbursement of expenses pursuant to 32 V.S.A. § 1010
19 for not more than 18 meetings. These payments shall be made from monies
20 appropriated to the Agency of Education.

21 (h) Appropriations.

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

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

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

9 Sec. 2a. PREKINDERGARTEN EDUCATION MODEL CONTRACT

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

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

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

19 Sec. 2b. PREKINDERGARTEN PUPIL WEIGHT; REPORT

20 On or before December 1, 2023, the Agency of Education, in consultation
21 with the Prekindergarten Education Implementation Committee, shall analyze

1 and issue a written report to the General Assembly regarding whether the cost
2 of educating a prekindergarten student is the same as educating a kindergarten
3 student in the context of a full school day. The report shall include a detailed
4 analysis, recommendation, and implementation plan for the sufficient weight to
5 apply to prekindergarten students, in alignment with the weights under current
6 law, for the purposes of determining weighted long-term membership of a
7 school district under 16 V.S.A. § 4010. The report shall include draft
8 legislative language to support the recommended prekindergarten pupil weight
9 and implementation plan.

10 Sec. 2c. AGENCY OF EDUCATION DATA COLLECTION AND
11 SHARING

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

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

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

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

20 (2) The following data, by school district:

- 1 (A) the total resources needed to operate a public prekindergarten
2 education program that would serve each prekindergarten child in the district;
- 3 (B) the number of prekindergarten children by year of age;
- 4 (C) the total education spending and other funds spent in fiscal year
5 2023 for children attending public prekindergarten education programs;
- 6 (D) the total education spending and other funds spent in fiscal year
7 2023 for prekindergarten children receiving prekindergarten education through
8 a prequalified private provider to whom the district pays tuition;
- 9 (E) if the school district operates a public prekindergarten education
10 program:
- 11 (i) the number of hours and slots offered in the public
12 prekindergarten education program;
- 13 (ii) the number of students residing in the district enrolled in the
14 public prekindergarten education program;
- 15 (iii) the number and cost of students residing in the district
16 enrolled in a prequalified private provider for whom the district pays tuition for
17 prekindergarten education; and
- 18 (iv) the number of students enrolled in the public prekindergarten
19 education program who reside outside the district and the corresponding
20 revenues associated with the nonresident student tuition; and

1 Sec. 3a. CONTINGENT EFFECTIVE DATE OF PREKINDERGARTEN
2 EDUCATION WEIGHT CHANGE

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

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

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

10 and

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

13 * * * Agency of Education * * *

14 Sec. 4. PLAN; AGENCY OF EDUCATION LEADERSHIP

15 On or before November 1, 2025, the Agency of Education shall submit a
16 plan to the House Committees on Education and on Human Services and to the
17 Senate Committees on Education and on Health and Welfare for the purpose of
18 elevating the status of early education within the Agency in accordance with
19 the report produced pursuant to 2021 Acts and Resolves No, 45, Sec. 13. The
20 plan shall achieve greater parity in decision-making authority, roles and

1 responsibilities, and reporting structure related to early care and learning across
2 the Agency and Department for Children and Families.

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

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

5 § 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;

6 ELIGIBILITY

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

13 * * *

14 (4) ~~After September 30, 2021, a regulated center-based child care~~
15 ~~program or family child care home as defined by the Department in rule shall~~
16 ~~not receive funds pursuant to this subsection that are in excess of the usual and~~
17 ~~customary rate for services at the center-based child care program or family~~
18 ~~child care home~~ Nothing in this subsection shall preclude a child care provider
19 from establishing tuition rates that are lower than the provider reimbursement
20 rate in the Child Care Financial Assistance Program.

21 * * *

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

2 § 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;

3 ELIGIBILITY

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

10 (2) The subsidy authorized by this subsection and the corresponding
11 family contribution shall be established by the Commissioner, by rule, and
12 shall bear a reasonable relationship to income and family size. The
13 Commissioner may adjust the subsidy and family contribution by rule to
14 account for increasing child care costs not to exceed 1.5 times the most recent
15 annual increase in the NAICS code 611, Educational Services. Families shall
16 be found eligible using an income eligibility scale based on the current federal
17 poverty level and adjusted for the size of the family. Co-payments shall be
18 assigned to the whole family and shall not increase if more than one eligible
19 child is enrolled in child care. Families with an annual gross income of less
20 than or equal to ~~150~~ 175 percent of the current federal poverty guidelines shall
21 not have a family co-payment. Families with an annual gross income up to and

1 including ~~350~~ 400 percent of current federal poverty guidelines, adjusted for
2 family size, shall be eligible for a subsidy authorized by the subsection. The
3 scale shall be structured so that it encourages employment. If the federal
4 poverty guidelines decrease in a given year, the Division shall maintain the
5 previous year's federal poverty guidelines for the purpose of determining
6 eligibility and benefit amount under this subsection.

7 * * *

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

9 § 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;

10 ELIGIBILITY

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

17 * * *

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

1 comply with the Office of Racial Equity’s most recent Language Access
2 Report.

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

12 * * *

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

14 § 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;
15 ELIGIBILITY

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

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

2 In fiscal year 2024, a weekly family contribution for participants in the
3 Child Care Financial Assistance Program established in 33 V.S.A. §§ 3512 and
4 3513 shall begin at \$50.00 for families at 176 percent of the federal poverty
5 level and increase for families at a higher percentage of the federal poverty
6 level as determined by the Department.

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

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

10 (1) the provider rate adjustment recommended in this section shall be an
11 initial step toward implementing a professional pay scale; and

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

15 (b)(1) On January 1, 2024, the Department for Children and Families shall
16 provide an adjustment to the base child care provider reimbursement rates in
17 the Child Care Financial Assistance Program for child care services provided
18 by center-based child care and preschool programs, family child care homes,
19 and afterschool and summer care programs. The adjusted reimbursement rate
20 shall account for the age of the children served and be 35 percent higher than
21 the fiscal year 2023 five-STAR reimbursement rate in the Vermont STARS

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

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

7 Sec. 7. APPROPRIATION; CHILD CARE FINANCIAL ASSISTANCE
8 PROGRAM

9 (a) In addition to fiscal year 2024 funds appropriated for the Child Care
10 Financial Assistance Program in other acts, in fiscal year 2024, \$47,800,000.00
11 is appropriated from the General Fund to the Department for Children and
12 Families' Child Development Division for:

13 (1) the program eligibility expansion in Sec. 5a of this act; and

14 (2) the fiscal year 2024 provider rate adjustment in Sec. 6 of this act.

15 (b)(1) In addition to fiscal year 2024 funds appropriated for the
16 administration of the Department for Children and Families' Child
17 Development Division in other acts, in fiscal year 2024, \$4,000,000.00 is
18 appropriated from the General Fund to the Division to administer adjustments
19 to the Child Care Financial Assistance Program required by this act through
20 the authorization of the following 11 new permanent classified positions within
21 the Division:

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

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

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

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

18 (a)(1) In fiscal year 2024, \$20,000,000.00 is appropriated one time from
19 the General Fund to the Department for Children and Families' Child
20 Development Division for the purpose of providing payments to child care
21 providers, as defined in 33 V.S.A. § 3511, delivering child care services to

1 children, in preparation of the Child Care Financial Assistance Program
2 eligibility expansion in Sec. 5a of this act and for the fiscal year 2024 provider
3 rate adjustment in Sec. 6 of this act. Readiness payments may be used for the
4 following:

5 (A) increasing capacity for infants and toddlers;

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

7 (C) improving child care facilities;

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

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

12 (F) addressing gaps in services and expanding capacity;

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

15 (H) any other uses approved by the Commissioner.

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

20 (b) In administering the readiness payment program established by this
21 section, the Division shall utilize the Agency of Administration bulletin

1 pertaining to beneficiaries in effect on May 1, 2023. The Division may either
2 use the same distribution framework used to distribute Child Care
3 Development Block Grant funds in accordance with the American Rescue Plan
4 Act of 2021 or it may utilize an alternative distribution framework.

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

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

9 § 3514. PAYMENT TO PROVIDERS

10 (a)(1) The Commissioner shall establish a payment schedule for purposes
11 of reimbursing providers for full- or part-time child care services rendered to
12 families who participate in the programs established under section 3512 or
13 3513 of this title. ~~Payments established under this section shall reflect the~~
14 ~~following considerations: whether the provider operates a licensed child care~~
15 ~~facility or a registered family child care home, type of service provided, cost of~~
16 ~~providing the service, and the prevailing market rate for comparable service.~~
17 The payment schedule shall account for the age of the children served, and all
18 providers in the same child care setting category shall receive a reimbursement
19 rate payment, which shall be dependent upon whether the provider operates a
20 child care center and preschool program, family child care home, or
21 afterschool or summer care program.

1 (2) Payments shall be based on enrollment ~~status or any other basis~~
2 ~~agreed to by the provider and the Division.~~ The Department, in consultation
3 with the Office of Racial Equity and stakeholders, shall adopt rules pursuant to
4 3 V.S.A. chapter 25 that define “enrollment” and the total number of allowable
5 absences to continue participating in the Child Care Financial Assistance
6 Program. The Department shall minimize itemization of absence categories.

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

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

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

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

18 § 3514. PAYMENT TO PROVIDERS

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

1 3513 of this title. The payment schedule shall account for the age of the
2 children served, and all providers in the same child care setting category shall
3 receive a reimbursement rate payment, which shall be dependent upon whether
4 the provider operates a child care center and preschool program, family child
5 care home, or afterschool or summer care program. The adjusted
6 reimbursement rate shall then be adjusted to account for the differential
7 between family child care homes and center-based child care and preschool
8 programs by 50 percent. The rate used to reimburse providers shall be
9 increased over the previous year's rate annually in alignment with the most
10 recent annual average wage growth for NAICS code 611, Educational
11 Services, not to exceed five percent.

12 * * *

13 **Sec. 9b. REPORT; ADJUSTMENT OF CHILD CARE FINANCIAL**

14 **ASSISTANCE PROGRAM RATES**

15 On or before January 15, 2024, the Department for Children and Families'
16 Child Development Division, in collaboration with the Joint Fiscal Office,
17 shall submit a report to the House Committees on Appropriations and on

1 Human Services and the Senate Committees on Appropriations and on Health
2 and Welfare providing recommendations on:

3 (1) the appropriate mechanism for adjusting future reimbursement rates
4 for child care providers participating in the Child Care Financial Assistance
5 Program pursuant to 33 V.S.A. §§ 3512 and 3513;

6 (2) the appropriate reimbursement rate in fiscal years 2025 and 2026 for
7 child care providers participating in the Child Care Financial Assistance
8 Program pursuant to 33 V.S.A. §§ 3512 and 3513; and

9 (3) the appropriate family contribution in fiscal years 2025 and 2026 for
10 family's participating in the Child Care Financial Assistance Program pursuant
11 to 33 V.S.A. §§ 3512 and 3513.

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

13 § 3515. CHILD CARE QUALITY AND CAPACITY INCENTIVE

14 PROGRAM

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

1 § 3516. CHILD CARE WAITLIST AND APPLICATION FEES

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

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

10 § 3517. CHILD CARE TUITION RATES

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

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

17 § 3518. CHILD CARE PROVIDER OWNERSHIP DISCLOSURE

18 (a) As used in this section:

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

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

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

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

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

11 (A) the president, vice president, secretary, treasurer, manager, or
12 similar officer of a corporation as provided for by 11A V.S.A. § 8.40,
13 nonprofit corporation as provided for by 11B V.S.A. § 8.40, mutual benefit
14 enterprise as provided for by 11C V.S.A. § 822, cooperative as provided for by
15 11 V.S.A. § 1013, or worker cooperative corporation as provided for by 11
16 V.S.A. § 1089;

17 (B) a director of a corporation as provided for by 11A V.S.A. § 8.01,
18 nonprofit corporation as provided for by 11B V.S.A. § 8.01, mutual benefit
19 enterprise as provided for by 11C V.S.A. § 801, cooperative as provided for by
20 11 V.S.A. § 1006, or worker cooperative corporation as provided for by 11
21 V.S.A. § 1089;

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

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

5 (E) a partner of a partnership as provided for by 11 V.S.A. § 3212 or
6 a general partner of a limited partnership as provided for by 11 V.S.A. chapter
7 23.

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

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

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

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

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

14 § 3519. DIVERSITY, EQUITY, AND INCLUSION

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

18 Sec. 13. RULEMAKING; PROGRAM DIRECTORS

19 (a) The Department for Children and Families shall amend the following
20 rules pursuant to 3 V.S.A. chapter 25 to require that a program director is

1 present at the child care facility that the program director operates at least 40
2 percent of the time that children are present:

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

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

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

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

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

16 * * * Report * * *

17 Sec. 14. REPORT; BACKGROUND CHECKS

18 On or before January 15, 2024, the Vermont Crime Information Center, in
19 collaboration with the Agency of Education and the Department for Children
20 and Families, shall submit a report to the House Committee on Human
21 Services and to the Senate Committee on Health and Welfare providing a

1 recommendation to streamline and improve the timeliness of the background
2 check process for child care and early education providers who are required to
3 complete two separate background checks.

4 Sec. 15. [Deleted.]

5 * * * Special Accommodations Grant * * *

6 Sec. 16. PLAN; SPECIAL ACCOMMODATIONS GRANT

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

13 (1) implementing a 12-month or longer grant cycle option for eligible
14 populations;

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

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

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

1 collectively defining and measuring success, maximizing stakeholder
2 engagement, and providing technical assistance to build capacity for the
3 Department for Children and Families' Child Development Division and the
4 Agency of Education. Specifically, Building Bright Futures shall:

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

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

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

15 (B) equitable access to high-quality prekindergarten;

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

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

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

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

1 Sec. 20. APPROPRIATION; BUILDING BRIGHT FUTURES

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

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

9 GOVERNANCE

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

1 Means and to the Senate Committees on Health and Welfare and on Finance
2 providing estimated current minimum wage levels based on Vermont and other
3 state data regarding wage levels for early care and education providers.

4 * * * **Child Care Contribution** * * *

5 **Sec. 25.** 32 V.S.A. chapter 246 is added to read:

6 CHAPTER 246. **CHILD CARE CONTRIBUTION**

7 § 10551. PURPOSE

8 The **Child Care Contribution** is established to provide funding for the Child
9 Care Financial Assistance Program established in 33 V.S.A. §§ 3512 and 3513,
10 including the provision of incentive payments pursuant to 33 V.S.A. § 3517.

11 § 10552. DEFINITIONS

12 As used in this chapter:

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

16 (2) “Employee” means an individual who receives payments with
17 respect to services performed for an employer from which the employer is
18 required to withhold Vermont income tax pursuant to chapter 151, subchapter
19 4 of this title.

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

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

7 (5) “Self-employment income” has the same meaning as in 26 U.S.C.
8 § 1402.

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

11 § 10553. CONTRIBUTION; RATE; COLLECTION

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

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

10 (b) The contribution rate shall be **0.43** percent of each employee's covered
11 wages and each self-employed individual's self-employment income.

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

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

21 § 10554. **CHILD CARE CONTRIBUTION SPECIAL FUND**

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

11 (b) The Fund shall consist of:

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

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

16 (3) any interest earned by the Fund.

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

19 **Sec. 26. CHILD CARE CONTRIBUTION POSITIONS AND**

20 **APPROPRIATION**

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

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

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

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

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

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

12 (b) In fiscal year 2024, the amount of \$4,200,00.00 is appropriated from the
13 General Fund to the Department of Taxes to be used for the implementation of
14 the **Child Care Contribution** pursuant to 32 V.S.A. chapter 246 created by this
15 act.

16 * * * SALT deduction cap workaround * * *

17 **Sec. 27.** 32 V.S.A. chapter 151, subchapter 10C is added to read:

18 Subchapter 10C. Elective Pass-Through Entity Income Tax

19 § 5921a. DEFINITIONS

20 As used in this subchapter:

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

4 (2) “Member” means:

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

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

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

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

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

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

4 § 5921b. PASS-THROUGH ENTITY INCOME TAX; ELECTION

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

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

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

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

15 (4) consent is given by:

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

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

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

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

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

14 (e) Each pass-through entity that makes an election for a taxable year under
15 this section shall file an entity tax return and make payments on or before the
16 15th day of the third month following the close of each entity’s taxable year as
17 determined for federal income tax purposes. A pass-through entity shall make
18 estimated entity tax payments as provided under subchapters 10A and 10B of
19 this chapter except that a pass-through entity shall make the estimated entity
20 tax payments for residents and nonresidents alike.

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

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

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

10 § 5921c. REFUNDABLE INCOME TAX CREDIT; INDIVIDUAL

11 MEMBERS OF PASS-THROUGH ENTITIES

12 An individual taxpayer of this State shall be entitled to a refundable credit
13 against the income tax paid under this chapter for the taxable year, provided
14 the individual is a member or receives income from a disregarded entity that is
15 a member of a pass-through entity that elects under section 5921b of this
16 chapter to be liable for and pay the pass-through entity income tax during the
17 taxable year. For each pass-through entity of which the individual is a
18 member, the amount of the credit shall equal 87.5 percent of the individual's
19 pro rata share of the tax paid under section 5921b of this chapter for the
20 taxable year, and that credit shall be available to the individual during the same
21 taxable year. The credit under this section shall be available after the

1 application of all other credits allowed by law and claimed by the individual
2 during the taxable year.

3 **Sec. 28.** 32 V.S.A. § 5825 is amended to read:

4 § 5825. CREDIT FOR TAXES PAID TO OTHER STATES AND
5 PROVINCES

6 * * *

7 (c) The credit claimed under this section shall include an amount of the tax
8 paid to another state that imposes a tax on the distributive proceeds of a pass-
9 through entity, provided the other state’s tax is substantially similar to the pass-
10 through entity income tax imposed under subchapter 10C of this chapter. The
11 nonrefundable credit under this subsection shall equal 87.5 percent of the
12 taxpayer’s pro rata share of tax paid to another state, provided the amount of
13 the credit does not exceed the amount of pass-through entity business income
14 tax owed or that would have been owed if the pro rata share of tax paid were
15 subject to the pass-through entity income tax under subchapter 10C of this
16 chapter. As used in this subsection, “distributive proceeds” and “pass-through
17 entity” have the same meanings as under section 5921a of this chapter.

18 **Sec. 29.** REPEALS; SALT DEDUCTION CAP WORKAROUND

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

1 total direct calendar year premium for workers' compensation insurance for the
2 prior year.

3 (2) In the event that the General Assembly does not establish the rate of
4 contribution for the direct calendar year premium for workers' compensation
5 insurance for a given fiscal year, the rate shall remain unchanged from the
6 prior fiscal year.

7 **Sec. 32.** 2014 Acts and Resolves No. 199, Sec. 54b is amended to read:

8 Sec. 54b. 21 V.S.A. § 643a is added to read:

9 § 643a. DISCONTINUANCE OF BENEFITS

10 Unless an injured worker has successfully returned to work, an employer
11 shall notify both the Commissioner and the employee prior to terminating
12 benefits under either section 642 or 646 of this title. The notice of intention to
13 discontinue payments shall be filed on forms prescribed by the Commissioner
14 and shall include the date of the proposed discontinuance, the reasons for it,
15 and, if the employee has been out of work for 90 days, a verification that the
16 employer offered vocational rehabilitation screening and services as required
17 under this chapter. All relevant evidence, including evidence that does not
18 support discontinuance in the possession of the employer not already filed,
19 shall be filed with the notice. The liability for the payments shall continue for
20 seven days after the notice is received by the Commissioner and the employee.
21 If the claimant disputes the discontinuance, the claimant may file with

1 the Commissioner an objection to the discontinuance and seek an extension
2 of 14 days. The objection to the discontinuance shall be specific as to the
3 reasons and include supporting evidence. A copy of the objection shall be
4 provided to the employer at the time the request is made to the Commissioner.
5 ~~These~~ The payments shall be made without prejudice to the employer and may
6 be deducted from any amounts due pursuant to section 648 of this title if the
7 Commissioner determines that the discontinuance is warranted or if otherwise
8 ordered by the Commissioner. Every notice shall be reviewed by the
9 Commissioner to determine the sufficiency of the basis for the proposed
10 discontinuance. If, after review of all the evidence in the file, the
11 Commissioner finds that a preponderance of all the evidence in the file does
12 not reasonably support the proposed discontinuance, the Commissioner shall
13 order that payments continue until a hearing is held and a decision is rendered.
14 Prior to a formal hearing, an injured worker may request reinstatement of
15 benefits by providing additional new evidence to the Department that
16 establishes that a preponderance of all evidence now supports the claim. If the
17 Commissioner's decision, after a hearing, is that the employee was not entitled
18 to any or all benefits paid between the discontinuance and the final decision,
19 upon request of the employer, the Commissioner may order that the employee
20 repay all benefits to which the employee was not entitled. The employer may
21 enforce a repayment order in any court of law having jurisdiction.

1 **Sec. 33.** 21 V.S.A. § 640b is amended to read:

2 § 640b. REQUEST FOR PREAUTHORIZATION TO DETERMINE IF
3 PROPOSED ~~TREATMENT IS~~ BENEFITS ARE NECESSARY

4 (a) As used in this section, “benefits” means medical treatment and
5 surgical, medical, and nursing services and supplies, including prescription
6 drugs and durable medical equipment.

7 (b) Within 14 days ~~of~~ after receiving a written request for preauthorization
8 for a proposed ~~medical treatment~~ benefits and medical evidence supporting the
9 requested ~~treatment~~ benefits, a workers’ compensation insurer shall do one of
10 the following, in writing:

11 (1) ~~authorize~~ Authorize the ~~treatment~~ benefits and notify the health care
12 provider, the injured worker, and the Department; ~~or,~~

13 (2) ~~(A) deny~~ Deny the ~~treatment~~ benefits because the entire claim is
14 disputed and the Commissioner has not issued an interim order to pay benefits;
15 ~~or.~~ The insurer shall notify the health care provider, the injured worker, and
16 the Department of the decision to deny benefits.

17 ~~(B)(3) deny~~ Deny the ~~treatment~~ benefits if, based on a preponderance
18 of credible medical evidence specifically addressing the proposed ~~treatment~~
19 benefits, it is the benefits are unreasonable or, unnecessary, or unrelated to the
20 work injury. The insurer shall notify the health care provider, the injured
21 worker, and the Department of the decision to deny ~~treatment; or~~ benefits.

1 ~~(3)~~(4) ~~notify~~ Notify the health care provider, the injured worker, and
2 the Department that the insurer has scheduled an examination of the employee
3 pursuant to section 655 of this title or ordered a medical record review
4 pursuant to section ~~655~~ 655a of this title. Based on the examination or review,
5 the insurer shall authorize or deny the ~~treatment~~ benefits and notify the
6 Department and the injured worker of the decision within 45 days ~~of~~ after a
7 request for preauthorization. The Commissioner may, ~~in his or her~~ the
8 Commissioner's sole discretion, grant a 10-day extension to the insurer to
9 authorize or deny ~~treatment~~ benefits, and such an extension shall not be subject
10 to appeal.

11 ~~(b)~~(c) If the insurer fails to authorize or deny the ~~treatment~~ benefits
12 pursuant to subsection ~~(a)~~ (b) of this section within 14 days ~~of~~ after receiving a
13 request, the claimant or health care provider may request that the Department
14 issue an order authorizing ~~treatment~~ benefits. After receipt of the request, the
15 Department shall issue an interim order within five days after notice to the
16 insurer, and five days in which to respond, absent evidence that the entire
17 claim is disputed. Upon request of a party, the Commissioner shall notify the
18 parties that the ~~treatment~~ has benefits have been authorized by operation of
19 law.

20 ~~(e)~~(d) If the insurer denies the preauthorization of the ~~treatment~~ benefits
21 pursuant to subdivision (a)(2) ~~or~~ (3), or (4) of this section, the Commissioner

1 may, on ~~his or her~~ the Commissioner's own initiative or upon a request by the
2 claimant, issue an order authorizing the ~~treatment~~ benefits if ~~he or she~~ the
3 Commissioner finds that the evidence shows that the ~~treatment is~~ benefits are
4 reasonable, necessary, and related to the work injury.

5 **Sec. 34.** 21 V.S.A. § 643d is added to read:

6 § 643d. WORK SEARCH; REQUIREMENTS; EXCEPTIONS

7 (a) An employer may require an employee who is receiving temporary
8 disability benefits pursuant to section 646 of this chapter to engage in a good
9 faith search for suitable work if:

10 (1) the injured employee is medically released to return to work, either
11 with or without limitations;

12 (2) the employer has provided the injured employee with written
13 notification that the employee is medically released to return to work and the
14 notification describes any applicable limitations; and

15 (3) the employer cannot offer the injured employee work that the
16 employee is medically released to do.

17 (b) An injured employee shall not be required to engage in a good faith
18 search for suitable work if the employee:

19 (1) is already employed; or

20 (2) has been referred for or is scheduled to undergo one or more surgical
21 procedures.

1 (c) An employer shall not require an injured employee to contact more than
2 three employers per week as part of a good faith work search performed
3 pursuant to this section.

4 **Sec. 35.** 21 V.S.A. § 646 is amended to read:

5 § 646. TEMPORARY PARTIAL DISABILITY BENEFITS

6 (a)(1) Where the disability for work resulting from an injury is partial,
7 during the disability and beginning on the eighth day thereof of the period of
8 disability, the employer shall pay the injured employee a weekly compensation
9 equal to the greater of:

10 (A) the difference between the amount the injured employee would
11 be eligible to receive pursuant to section 642 of this chapter, including any
12 applicable cost of living adjustment or dependency benefits that would be due,
13 and the wage the injured employee earns during the period of disability; and

14 (B) two-thirds of the difference between his or her the injured
15 employee's average weekly wage before the injury and the average weekly
16 wage which he or she is able to earn thereafter amount the employee earns
17 during the period of disability.

18 (2) Compensation paid pursuant to this subsection shall be adjusted on
19 the first July 1 following the receipt of 26 weeks of benefits and annually on
20 each subsequent July 1, so that the compensation continues to bear the same

1 percentage relationship to the average weekly wage in the State as it did at the
2 time of injury.

3 (b)(1) In addition to the amount paid pursuant to subsection (a) of this
4 section, the employer shall pay the injured employee during the disability
5 \$20.00 per week for each dependent child under 21 years of age, provided that
6 no other injured worker is receiving the same benefits on behalf of the
7 dependent child or children.

8 (2) The amount allowed for dependent children shall be adjusted weekly
9 to reflect the number of dependent children during each week of payment.

10 **Sec. 36.** 21 V.S.A. § 646 is amended to read:

11 § 646. TEMPORARY PARTIAL DISABILITY BENEFITS

12 * * *

13 ~~(b)(1) In addition to the amount paid pursuant to subsection (a) of this~~
14 ~~section, the employer shall pay the injured employee during the disability~~
15 ~~\$20.00 per week for each dependent child under 21 years of age, provided that~~
16 ~~no other injured worker is receiving the same benefits on behalf of the~~
17 ~~dependent child or children.~~

18 ~~(2) The amount allowed for dependent children shall be adjusted weekly~~
19 ~~to reflect the number of dependent children during each week of payment.~~

20 [Repealed.]

21 **Sec. 37.** 21 V.S.A. § 642 is amended to read:

1 § 642. TEMPORARY TOTAL DISABILITY BENEFITS

2 (a)(1) Where the injury causes total disability for work, during ~~such~~ the
3 disability, but not including the first three days; with the day of the accident to
4 be counted as the first day; unless the employee received full wages for that
5 day, the employer shall pay the injured employee a weekly compensation equal
6 to two-thirds of the employee's average weekly wages, ~~but~~.

7 (2) The weekly compensation shall be in an amount that is not more
8 than the maximum nor less than the minimum weekly compensation.

9 (3) Compensation paid pursuant to this subsection shall be adjusted on
10 the first July 1 following the receipt of 26 weeks of benefits and annually on
11 each subsequent July 1, so that the compensation continues to bear the same
12 percentage relationship to the average weekly wage in the State as it did at the
13 time of injury.

14 (b)(1) ~~In addition, the injured employee, during the disability period shall~~
15 ~~receive \$10.00 a~~ to the amount paid pursuant to subsection (a) of this section,
16 the employer shall pay the injured employee during the disability \$20.00 per
17 week for each dependent child who is ~~unmarried and~~ under the age of 21 years
18 of age, provided that no other injured worker is receiving the same benefits on
19 behalf of the dependent child or children. ~~However, in no event shall an~~

1 provided that no other injured worker is receiving the same benefits on behalf
2 of the dependent child or children.

3 * * *

4 **Sec. 39.** DEPENDENT BENEFIT INCREASE; IMPACT; REPORT

5 On or before January 15, 2027, the Commissioner of Labor, in consultation
6 with the Commissioner of Financial Regulation, shall submit a written report
7 to the Senate Committee on Economic Development, Housing and General
8 Affairs and the House Committee on Commerce and Economic Development
9 regarding the impact of the increase in the dependent benefit enacted pursuant
10 to **Secs. 35 and 37** of this act on the workers' compensation system. The report
11 shall include an estimate of the number of claims that have received additional
12 benefits as a result of the increase and the additional cost to the workers'
13 compensation system of the additional dependent benefits.

14 **Sec. 40.** 21 V.S.A. § 650 is amended to read:

15 § 650. PAYMENT; AVERAGE WAGE; COMPUTATION

16 * * *

17 (d)(1) Compensation computed pursuant to this section shall be adjusted
18 annually on July 1, so that ~~such~~ the compensation continues to bear the same
19 percentage relationship to the average weekly wage in the State ~~as computed~~
20 ~~under this chapter~~ as it did at the time of injury.

1 (2) Temporary total or temporary partial compensation shall first be
2 adjusted on the first July 1 following the receipt of 26 weeks of benefits.

3 (3) Permanent total and permanent partial compensation shall be
4 adjusted for each July 1 following the date of injury regardless of whether
5 indemnity benefits were paid on each intervening July 1.

6 (e)(1) If weekly compensation benefits or weekly accrued benefits are not
7 paid within 21 days after becoming due and payable pursuant to an order of the
8 Commissioner, or in cases in which the overdue benefit is not in dispute, 10
9 percent of the overdue amount shall be added and paid to the employee, in
10 addition to any amounts due pursuant to subsection (f) of this section and
11 interest and any other penalties.

12 (2) In the case of an initial claim, benefits are due and payable upon
13 entering into an agreement pursuant to subsection 662(a) of this title, upon
14 issuance of an order of the Commissioner pursuant to subsection 662(b) of this
15 title, or if the employer has not denied the claim within 21 days after the claim
16 is filed.

17 (3) Benefits are in dispute if the claimant has been provided actual
18 written notice of the dispute within 21 days ~~of~~ after the benefit being due and
19 payable and the evidence reasonably supports the denial.

20 (4) Interest shall accrue and be paid on benefits that are found to be
21 compensable during the period of nonpayment.

1 (5) The Commissioner shall promptly review requests for payment
2 under this section and, consistent with subsection 678(d) of this title, shall
3 allow for the recovery of reasonable attorney’s fees associated with an
4 employee’s successful request for payment under this subsection.

5 (f)(1)(A) When benefits have been awarded or are not in dispute as
6 provided in subsection (e) of this section, the employer shall establish a
7 weekday on which payment shall be mailed or deposited and notify the
8 claimant and the Department of that day. The employer shall ensure that each
9 weekly payment is mailed or deposited on or before the day established.

10 (B) Payment shall be made by direct deposit to a claimant who elects
11 that payment method. The employer shall notify the claimant of ~~his or her~~ the
12 claimant’s right to payment by direct deposit.

13 (2) If the benefit payment is not mailed or deposited on the day
14 established, the employer shall pay to the claimant a late fee of \$10.00 or five
15 percent of the benefit amount, whichever is greater, for each weekly payment
16 that is made after the established day.

17 (3) As used in this subsection, “paid” means the payment is mailed to
18 the claimant’s mailing address or, in the case of direct deposit, transferred into
19 the designated account. In the event of a dispute, proof of payment shall be
20 established by affidavit.

1 **Sec. 41.** 21 V.S.A. § 678 is amended to read:

2 § 678. COSTS; ATTORNEY’S FEES

3 (a) ~~Necessary costs of proceedings under this chapter, including deposition~~
4 ~~expenses, subpoena fees, and expert witness fees, shall be assessed by the~~
5 ~~Commissioner against the employer or its workers’ compensation carrier when~~
6 ~~the claimant prevails. The Commissioner may allow the claimant to recover~~
7 ~~reasonable attorney’s fees when the claimant prevails.~~ Costs shall not be taxed
8 or allowed either party except as provided in this section.

9 (b)(1) When a claimant prevails in either a formal or informal proceeding
10 under this chapter, the Commissioner shall award the claimant necessary costs
11 incurred in relation to the proceeding, including deposition expenses, subpoena
12 fees, and expert witness fees.

13 (2) The Commissioner may allow a claimant to recover reasonable
14 attorney’s fees when the claimant prevails.

15 (3) In cases for which a formal hearing is requested and the case is
16 resolved prior to a formal hearing:

17 (A) the Commissioner may award reasonable attorney’s fees if the
18 claimant retained an attorney in response to an actual or effective denial of a
19 claim and payments were made to the claimant as a result of the attorney’s
20 efforts; and

1 (B) the Commissioner shall award necessary costs if the claimant
2 incurred the costs in response to an actual or effective denial of a claim and
3 payments were made to the claimant as a result of the costs incurred.

4 (c)(1) In appeals to the Superior or Supreme Court, if the claimant prevails,
5 ~~he or she~~ the claimant shall be entitled to reasonable attorney's fees as
6 approved by the court; necessary costs, including deposition expenses,
7 subpoena fees, and expert witness fees; and interest at the rate of 12 percent
8 per annum on that portion of any award the payment of which is contested.

9 (2) Interest shall be computed from the date of the award of the
10 Commissioner.

11 ~~(c)(d)~~ By January 1, 1999; and at least every five years thereafter, the
12 Commissioner shall amend existing rules regarding reasonable attorney's fees
13 awarded under subsection (a) of this section. In amending these rules, the
14 Commissioner shall consider accessibility to legal services, appropriate
15 inflation factors, and any other related factors consistent with the purposes of
16 this chapter. In the event the Commissioner proposes no change in the rules in
17 any five-year period, the Commissioner shall provide a written report to the
18 Legislative Committee on Administrative Rules of the General Assembly
19 explaining the reasons for not changing the rules.

20 ~~(d) In cases for which a formal hearing is requested and the case is resolved~~
21 ~~prior to formal hearing, the Commissioner may award reasonable attorney's~~

1 fees if the claimant retained an attorney in response to an actual or effective
2 denial of a claim and thereafter payments were made to the claimant as a result
3 of the attorney's efforts.

4 * * *

5 **Sec. 42.** ADOPTION OF RULES

6 The Commissioner of Labor shall, on or before July 1, 2024, adopt rules as
7 necessary to implement the provisions of Secs. 33, 34, 35, 36, 37, 38, 40, and
8 41 of this act.

9 * * * Unemployment Insurance * * *

10 **Sec. 43.** 21 V.S.A. § 1301 is amended to read:

11 § 1301. DEFINITIONS

12 ~~The following words and phrases, as As used in this chapter, shall have the~~
13 ~~following meanings unless the context clearly requires otherwise:~~

14 * * *

15 (25) "Son," "daughter," and "child" include an individual's biological
16 child, foster child, adoptive child, stepchild, a child for whom the individual is
17 listed as a parent on the child's birth certificate, a legal ward of the individual,
18 a child of the individual's spouse, or a child that the individual has day-to-day
19 responsibilities to care for and financially support.

20 (26) "Spouse" includes an individual's domestic partner or civil union
21 partner. As used in this subdivision, "domestic partner" means another

1 individual with whom an individual has an enduring domestic relationship of a
2 spousal nature, provided that the individual and the individual’s domestic
3 partner:

4 (A) have shared a residence for at least six months;

5 (B) are at least 18 years of age;

6 (C) are not married to, in a civil union with, or considered the
7 domestic partner of another individual;

8 (D) are not related by blood closer than would bar marriage under
9 State law; and

10 (E) have agreed between themselves to be responsible for each
11 other’s welfare.

12 **Sec. 44.** 21 V.S.A. § 1301 is amended to read:

13 § 1301. DEFINITIONS

14 As used in this chapter:

15 * * *

16 (5) “Employer” includes:

17 (A) Any employing unit ~~which, after December 31, 1971~~ that in any
18 calendar quarter in either the current or preceding calendar year paid for
19 service in employment, as ~~hereinafter~~ hereinafter defined pursuant to subdivision (6) of
20 this section, wages of \$1,500.00 or more, or for some portion of a day in each
21 of 20 different calendar weeks, whether or not such weeks were consecutive, in

1 either the current or the preceding calendar year, had in employment, as
2 ~~hereinafter defined~~, at least one individual (irrespective of whether the same
3 individual was in employment in each such day). When an employing unit
4 described in either this subdivision or subdivision ~~(5)(B)~~ of this ~~section~~
5 subdivision (5), becomes an employer within any calendar year, it shall be
6 subject to this chapter for the whole of ~~such~~ the calendar year.

7 (B)(i) Any employing unit for which service in employment for a
8 religious, charitable, educational, or other organization as defined in
9 subdivision (6)(A)(ix) of this section is performed after December 31, 1971;
10 except as provided in subdivision ~~(5)(C)~~ of this ~~section~~ subdivision (5).

11 * * *

12 (6)(A)(i) “Employment,” subject to the other provisions of this
13 subdivision (6), means service within the jurisdiction of this State, ~~performed~~
14 ~~prior to January 1, 1978, which was employment as defined in this subdivision~~
15 ~~prior to such date and, subject to the other provisions of this subdivision,~~
16 ~~service performed after December 31, 1977,~~ performed by an employee, as
17 defined in subsections 3306(i) and (o) of the Federal Unemployment Tax Act,
18 including service in interstate commerce, performed for wages or under any
19 contract of hire, written or oral, expressed or implied. Services partly within
20 and partly ~~without~~ outside this State may by election as ~~hereinbefore~~ provided
21 in subdivision (5)(E)(i) of this section be treated as if wholly within the

1 jurisdiction of this State. ~~And whenever~~ If an employing unit ~~shall have~~ has
2 elected to come under the provisions of a similar act of a state where a part of
3 the services of an employee are performed, the Commissioner, upon ~~his or her~~
4 ~~approval of said~~ approving the election as to ~~any such~~ the employee, may treat
5 the services covered by ~~said approved~~ the election as having been performed
6 wholly ~~without~~ outside the jurisdiction of this State.

7 * * *

8 (ix) The term “employment” shall also include service for any
9 employing unit ~~which is performed after December 31, 1971~~ by an individual
10 in the employ of a religious, charitable, educational, or other organization ~~but~~
11 ~~only if:~~

12 (⊕) the service is excluded from “employment” as defined in the
13 Federal Unemployment Tax Act solely by reason of ~~section~~ subdivision
14 3306(c)(8) of that act; ~~and~~

15 (⊖) ~~the organization had four or more individuals in~~
16 ~~employment for some portion of a day in each of 20 different weeks, whether~~
17 ~~or not such weeks were consecutive, within either the current or preceding~~
18 ~~calendar year, regardless of whether they were employed at the same moment~~
19 ~~of time.~~

20 * * *

21 **Sec. 45.** 21 V.S.A. § 1321 is amended to read:

1 § 1321. CONTRIBUTIONS; TAXABLE WAGE BASE CHANGES

2 * * *

3 (c)(1) Financing benefits paid to employees of nonprofit organizations.

4 (A) Benefits paid to employees of nonprofit organizations shall be
5 financed in accordance with the provisions of this subsection (c).

6 (B) ~~For the purposes of~~ As used in this subsection (c), a “nonprofit
7 organization” ~~is~~ means an organization ~~(, or group of organizations),~~ described
8 in Section 501(c)(3) of the U.S. Internal Revenue Code ~~which that~~ is exempt
9 from income tax under Section 501(a) of ~~such the~~ Internal Revenue Code.

10 (2) Liability for contributions and election of reimbursement. Any
11 nonprofit organization ~~which that~~, pursuant to subdivision 1301(5)(B)(i) of this
12 ~~title chapter~~, is, or becomes, subject to this chapter ~~on or after January 1, 1972~~
13 shall pay contributions under the provisions of this section, unless it elects, in
14 accordance with this subsection, to pay to the Commissioner, for the
15 Unemployment Insurance Trust Fund, an amount equal to the amount of
16 regular benefits and of one-half of the extended benefits paid, that is
17 attributable to service in the employ of ~~such the~~ nonprofit organization, to
18 individuals for weeks of unemployment ~~which that~~ begin during the effective
19 period of ~~such the~~ election.

20 (A) ~~Any nonprofit organization which is, or becomes, subject to this~~
21 ~~chapter on January 1, 1972 may elect to become liable for payments in lieu of~~

1 ~~contributions for a period of not less than one calendar year beginning with~~
2 ~~January 1, 1972 provided it files with the Commissioner a written notice of its~~
3 ~~election within the 30 day period immediately following such date or within a~~
4 ~~like period immediately following April 16, 1971, whichever occurs later.~~

5 [Repealed.]

6 (B) Any nonprofit organization ~~which~~ that becomes subject to this
7 chapter ~~after January 1, 1972~~ may elect to become liable for payments in lieu
8 of contributions for a period of not less than 12 months ~~beginning with the date~~
9 ~~on which such subjectivity begins~~ by filing a written notice of its election with
10 the Commissioner not later than 30 days immediately following the date of the
11 determination ~~of such subjectivity~~ that the organization is subject to this
12 chapter.

13 (C) Any nonprofit organization ~~which~~ that makes an election in
14 accordance with ~~subdivisions (c)(2)(A) and~~ subdivision (B) of this section ~~will~~
15 subdivision (c)(2) shall continue to be liable for payments in lieu of
16 contributions until it files with the Commissioner a written notice terminating
17 its election not later than 30 days prior to the beginning of the calendar year for
18 which ~~such~~ the termination shall first be effective.

19 (D) Any nonprofit organization ~~which~~ that has been paying
20 contributions under this chapter ~~for a period subsequent to January 1, 1972~~
21 may ~~change to a reimbursable basis~~ elect to become liable for payments in lieu

1 of contributions by filing with the Commissioner not later than 30 days prior to
2 the beginning of any calendar year a written notice of election to become liable
3 for payments in lieu of contributions. ~~Such~~ An election under this subdivision
4 (c)(2)(D) shall not be terminable by the organization for that year and the next
5 year.

6 (E) The Commissioner may for good cause extend the period within
7 which a notice of election, or a notice of termination, must be filed and may
8 permit an election to be retroactive ~~but not any earlier than with respect to~~
9 ~~benefits paid after December 31, 1969.~~

10 (F) The Commissioner, in accordance with ~~such~~ any applicable rules
11 as adopted by the Board may prescribe, shall notify each nonprofit
12 organization of any determination ~~which he or she may make of that the~~
13 Commissioner makes with regard to its status as an employer and ~~of the~~
14 effective date of any election ~~which it~~ that the organization makes and of any
15 termination of ~~such~~ an election. ~~Such~~ The determinations shall be subject to
16 reconsideration and to appeal and review in accordance with the provisions of
17 section 1337a of this title.

18 (3) Reimbursement payments. Payments in lieu of contributions shall
19 be made in accordance with the provisions of this subdivision, including either
20 subdivision (A) or ~~subdivision~~ (B).

1 (A) At the end of each calendar quarter, or at the end of any other
2 period as determined by the Commissioner, the Commissioner shall bill each
3 nonprofit organization, or group of ~~such~~ nonprofit organizations, ~~which that~~
4 has elected to make payments in lieu of contributions for an amount equal to
5 the full amount of regular benefits plus one-half of the amount of extended
6 benefits paid during ~~such~~ the quarter or other prescribed period that is
7 attributable to service in the employ of ~~such~~ the organization.

8 (B)(i) Each nonprofit organization that has elected payments in lieu
9 of contributions may request permission to make ~~such~~ payments as provided in
10 this subdivision (c)(3)(B). ~~Such method of payment~~ Payment pursuant to the
11 provisions of this subdivision (c)(3)(B) shall become effective upon approval
12 of the Commissioner.

13 (ii) At the end of each calendar quarter, the Commissioner shall
14 bill each nonprofit organization approved to make payments pursuant to the
15 provisions of this subdivision (c)(3)(B) for an amount representing ~~one of the~~
16 ~~following:~~

17 ~~(I) For 1972, two tenths of one percent of its total payroll for~~
18 ~~1971.~~

19 ~~(II) For years after 1972, such a percentage of its total payroll~~
20 ~~for the immediately preceding calendar year as~~ that ~~the Commissioner shall~~
21 ~~determine. The determination shall be~~ determines to be appropriate based each

1 ~~year~~ on the average benefit costs attributable to service in the employ of
2 nonprofit organizations during the preceding calendar year.

3 ~~(III) For~~ The Commissioner may determine a different rate for
4 any organization ~~which~~ that did not pay wages throughout the four calendar
5 quarters of the preceding calendar year, ~~such percentage of its payroll during~~
6 ~~that year as the Commissioner shall determine.~~

7 (iii) At the end of each calendar year, the Commissioner may
8 modify the quarterly percentage of payroll thereafter payable by the nonprofit
9 organization in order to minimize excess or insufficient payments.

10 (iv) At the end of each calendar year, the Commissioner shall
11 determine whether the total of payments for ~~such~~ the year made by a nonprofit
12 organization is less than, or in excess of, the total amount of regular benefits
13 plus one-half of the amount of extended benefits paid to individuals during
14 ~~such~~ the taxable year based on wages attributable to service in the employ of
15 ~~such~~ the organization. Each nonprofit organization whose total payments for
16 ~~such~~ the year are less than the amount ~~so~~ determined shall be liable for
17 payment of the unpaid balance to the Trust Fund in accordance with
18 subdivision ~~(3)~~(C) of this ~~subsection~~ subdivision (c)(3). If the total payments
19 exceed the amount so determined for the taxable year, all or a part of the
20 excess shall, at the election of the nonprofit organization, be refunded from the

1 Trust Fund or retained in the Trust Fund as part of the payments ~~which~~ that
2 may be required for the next calendar year.

3 (C) Payment of any bill rendered under subdivision (2) ~~or subdivision~~
4 ~~(3)~~ of this subsection (c) or this subdivision (c)(3) shall be made not later than
5 30 days after the bill is mailed to the last known address of the nonprofit
6 organization or is otherwise delivered to it; unless there has been an application
7 for redetermination by the Commissioner or a petition for hearing before a
8 referee in accordance with subdivision ~~(3)~~(E) of this ~~subsection~~ subdivision
9 (c)(3).

10 (D) Payments made by any nonprofit ~~corporation~~ organization under
11 the provisions of this section shall not be deducted or deductible, in whole or in
12 part, from the remuneration of individuals in the employ of the organization.

13 (E)(i) The amount due specified in any bill from the Commissioner
14 shall be conclusive on the organization unless, not later than 30 days after the
15 date of the bill, the organization files an application for reconsideration by the
16 Commissioner, or a petition for a hearing before a referee, setting forth the
17 grounds for ~~such~~ the application or petition.

18 (ii) The Commissioner shall promptly review and reconsider the
19 amount due specified in the bill and shall thereafter issue a redetermination in
20 any case in which ~~such~~ an application for redetermination has been filed. Any
21 such redetermination shall be conclusive on the organization unless, not later

1 than 30 days after the date of the redetermination, the organization files a
2 petition for a hearing before a referee; setting forth the grounds for the petition.

3 (iii) Proceedings on the petition for a hearing before a referee on
4 the amount of a bill rendered under this section or a redetermination of ~~such~~
5 the amount shall be in accordance with the provisions of section 1331 of this
6 title, and the decision of the referee shall be subject to the provisions of that
7 section. Review of the decision of the referee by the Employment Security
8 Board shall be in accordance with, and its decision shall be subject to, the
9 provisions of section 1332 of this title.

10 (F) Any employer, including the State of Vermont ~~which,~~ that makes
11 payments in lieu of contributions under this section shall be subject to the
12 provisions of sections 1314, 1322, 1328, 1329, 1334, and 1336 of this title as
13 follows:

14 (i) ~~that~~ The employer shall be liable for any reports as required by
15 the Commissioner ~~may require~~ pursuant to sections 1314 and 1322 of this
16 title;.

17 (ii) ~~that~~ The employer shall be liable for any penalty imposed
18 pursuant to sections 1314 and 1328 of this title;.

19 (iii) ~~that~~ The employer shall be liable for the same interest on past
20 due payments pursuant to subsection 1329(a) of this title;.

1 (iv) ~~that~~ The employer shall be subject to a civil action for the
2 collection of past due payments as if those payments were contributions
3 pursuant to subsections 1329(b) and 1334(a) of this title; ~~and~~.

4 (v) ~~that~~ The employer shall be subject to ~~those~~ actions for the
5 collection of past due payments as if those payments were contributions
6 pursuant to subsections 1329(c) and (d); and 1334(b) and (c); and section 1336
7 of this title; however, those provisions shall not apply to the State of Vermont.

8 (4) Authority to terminate elections. If any nonprofit organization is
9 delinquent in making payments in lieu of contributions as required under this
10 subsection, the Commissioner may terminate ~~such~~ the organization's election
11 to make payments in lieu of contributions as of the beginning of the next
12 taxable year, and the termination shall be effective for that and the next taxable
13 year.

14 (5) Allocation of benefit costs.

15 (A) Each employer that is liable for payments in lieu of contributions
16 shall pay to the Commissioner for the Trust Fund the amount of regular
17 benefits plus the amount of one-half of extended benefits paid that are
18 attributable to service in the employ of ~~such~~ the employer.

19 (B) If benefits paid to an individual are based on wages paid by more
20 than one employer and one or more of ~~such~~ the employers are liable for
21 payments in lieu of contributions, the amount payable to the Trust Fund by

1 each employer that is liable for such payments in lieu of contributions shall be
2 ~~determined in accordance with subdivisions (5)(A) and (B) of this subsection~~
3 ~~(e):~~

4 ~~(A) Proportionate allocation when fewer than all base period~~
5 ~~employers are liable for reimbursement. If benefits paid to an individual are~~
6 ~~based on wages paid by one or more employers that are liable for payments in~~
7 ~~lieu of contributions and on wages paid by one or more employers who are~~
8 ~~liable for contributions, the amount of benefits payable by each employer that~~
9 ~~is liable for payments in lieu of contributions shall be an amount which that~~
10 ~~bears the same ratio to the total benefits paid to the individual as the total base-~~
11 ~~period wages paid to the individual by such the employer bear to the total base-~~
12 ~~period wages paid to the individual by all of ~~his or her~~ the individual's base-~~
13 ~~period employers.~~

14 ~~(B) Proportionate allocation when all base period employers are~~
15 ~~liable for reimbursement. If benefits paid to an individual are based on wages~~
16 ~~paid by two or more employers that are liable for payments in lieu of~~
17 ~~contributions, the amount of benefits payable by each employer shall be an~~
18 ~~amount which bears the same ratio to the total benefits paid to the individual as~~
19 ~~the total base period wages paid to the individual by the employer bear to the~~
20 ~~total base period wages paid to the individual by all of his or her base period~~
21 ~~employers.~~

1 (6) Group accounts. Two or more employers that have become liable
2 for payments in lieu of contributions, in accordance with the provisions of this
3 section and section 1380 of this title, may file a joint application to the
4 Commissioner for the establishment of a group account for the purpose of
5 sharing the cost of benefits paid that are attributable to service in the employ of
6 ~~such~~ the employers. Each application shall identify and authorize a group
7 representative to act as the group’s agent for the purpose of this section. Upon
8 ~~his or her~~ approval of the application, the Commissioner shall establish a group
9 account for ~~such~~ the employers effective as of the beginning of the calendar
10 quarter in which ~~he or she~~ the Commissioner receives the application and shall
11 notify the group’s representative of the effective date of the account. The
12 account shall remain in effect for not less than two years and thereafter until
13 terminated at the discretion of the Commissioner or upon application by the
14 group. Upon establishment of the account, each member of the group shall be
15 liable for payments in lieu of contributions with respect to each calendar
16 quarter in the amount that bears the same ratio to the total benefits paid in ~~such~~
17 the quarter that are attributable to service performed in the employ of all
18 members of the group as the total wages paid for service in employment by
19 ~~such~~ the member in ~~such~~ the quarter bear to the total wages paid during ~~such~~
20 the quarter for service performed in the employ of all members of the group.
21 The Board shall ~~prescribe regulations~~ adopt rules as it deems necessary with

1 respect to applications for establishment, maintenance, and termination of
2 group accounts that are authorized by this subdivision, for addition of new
3 members to, and withdrawal of active members from, such accounts, and for
4 the determination of the amounts that are payable under this ~~section~~ subsection
5 by members of the group and the time and manner of ~~such~~ the payments.

6 (7) ~~Notwithstanding any of the foregoing provisions of this section, any~~
7 ~~nonprofit organization that prior to January 1, 1969, paid contributions~~
8 ~~required by this section, and, pursuant to subsection (c) of this section, elects~~
9 ~~within 30 days after January 1, 1972, to make payments in lieu of~~
10 ~~contributions, shall not be required to make any such payment on account of~~
11 ~~any regular or extended benefits paid, on the basis of wages paid by such~~
12 ~~organization to individuals for weeks of unemployment which begin on and~~
13 ~~after the effective date of the election until the total amount of benefits equals~~
14 ~~the amount (1) by which the contributions paid by the organization with~~
15 ~~respect to the two-year period before the effective date of the election under~~
16 ~~subsection (b) of this section exceed (2) the total amount of unemployment~~
17 ~~benefits paid for the same period that were attributable to service performed in~~
18 ~~the employ of the organization and were charged to the experience rating~~
19 ~~record of the organization. [Repealed.]~~

20 * * *

1 (f) Any employer who makes payments in lieu of contributions under the
2 provisions of this section is considered to be self-insuring and shall pay to the
3 Commissioner for the Unemployment Compensation Trust Fund ~~such any~~
4 amounts as the Commissioner finds to be due under this chapter, including
5 benefits paid but denied on appeal or benefits paid in error ~~which that~~ cannot
6 be properly charged either against another employer who makes payments in
7 lieu of contributions or against the experience-rating record of another
8 employer who pays contributions. Benefits improperly paid where repayment
9 by the claimant is ordered pursuant to subsection 1347(a) or (b) of this title
10 will be credited to the employer's account when repayment from the claimant
11 is actually received by the Commissioner.

12 **Sec. 46. NONPROFIT AND MUNICIPAL REIMBURSABLE**

13 **EMPLOYERS; EDUCATION; OUTREACH**

14 (a) On or before October 1, 2023, the Commissioner of Labor, in
15 consultation with the Vermont League of Cities and Towns, Common Good
16 Vermont, United Way of Northwest Vermont, and other interested
17 stakeholders, shall develop information and education materials for nonprofit
18 and municipal employers regarding the unemployment insurance system. At a
19 minimum, the materials shall:

20 (1) explain the options available to nonprofit and municipal employers,
21 including paying regular unemployment insurance contributions, reimbursing

1 the Unemployment Insurance Trust Fund for attributable unemployment
2 insurance costs, and, with respect to nonprofit employers, quarterly payments
3 of estimated unemployment insurance costs;

4 (2) identify the potential benefits and drawbacks of each of the options
5 identified in subdivision (1) of this subsection;

6 (3) provide information on how a nonprofit or municipal employer can
7 evaluate its potential liability under each of the options identified in
8 subdivision (1) of this subsection;

9 (4) provide information developed by the Vermont League of Cities and
10 Towns, Common Good Vermont, United Way of Northwest Vermont, and
11 other interested stakeholders regarding how a nonprofit or municipal employer
12 can plan and budget for the potential expenses associated with each of the
13 options identified in subdivision (1) of this subsection; and

14 (5) provide additional information regarding the Unemployment
15 Insurance program and related laws that the Commissioner determines, in
16 consultation with the Vermont League of Cities and Towns, Common Good
17 Vermont, United Way of Northwest Vermont, and other interested
18 stakeholders, to be helpful or necessary for nonprofit and municipal employers.

19 (b)(1) The informational and educational materials developed pursuant to
20 subsection (a) of this section shall be made available on the Department's
21 website and shall, in coordination with the Secretary of State, Common Good

1 Vermont, United Way of Northwest Vermont, the Vermont League of Cities
2 and Towns, and other interested stakeholders, be shared directly with Vermont
3 nonprofit and municipal employers to the extent practicable.

4 (2) The Secretary of State shall assist the Commissioner of Labor in
5 identifying and contacting all active Vermont nonprofit employers. The Office
6 of the Secretary of State shall also make available on its website a link to the
7 information and educational materials provided on the Department of Labor’s
8 website pursuant to this section.

9 (c) The Department of Labor, in collaboration with the Vermont League of
10 Cities and Towns, Common Good Vermont, United Way of Northwest
11 Vermont, and other interested stakeholders, shall hold one or more
12 informational sessions to present the materials and information developed
13 pursuant to subsection (a) of this section to nonprofit employers and municipal
14 employers. At least one session shall be held on or before November 1, 2023.
15 Each session shall allow for both in-person and remote participation and shall
16 be recorded. Recordings shall be made available to the public and to
17 stakeholder organizations for distribution to their members.

18 **Sec. 47.** 2021 Acts and Resolves No. 183, Sec. 59(b)(6) is amended to read:

19 (6) Sec. 52g (prospective repeal of unemployment insurance benefit
20 increase) shall take effect ~~upon the payment of a~~ when the cumulative total
21 amount of additional benefits paid pursuant to 21 V.S.A. § 1338(e) ~~when.~~

1 compared to the rate at which benefits would have been paid under the formula
2 set forth in 21 V.S.A. § 1338(e) on June 30, 2025 ~~equal to \$92,000,000.00,~~
3 plus the ~~difference between \$8,000,000.00 and the~~ amount of additional
4 benefits paid ~~out~~ pursuant to section 52b, ~~if any,~~ compared to the amount that
5 would have been paid pursuant to the provisions of 21 V.S.A. § 1338(f)(1) on
6 June 30, 2022, equals \$100,000,000.00 and shall apply to benefit weeks
7 beginning after that date.

8 **Sec. 48.** UNEMPLOYMENT DUE TO URGENT, COMPELLING, OR
9 NECESSITOUS CIRCUMSTANCES; COVERAGE; IMPACT;
10 REPORT

11 (a) On or before January 15, 2024, the Commissioner of Labor shall submit
12 a written report prepared in consultation with the Joint Fiscal Office to the
13 House Committee on Commerce and Economic Development and the Senate
14 Committee on Economic Development, Housing and General Affairs regarding
15 the potential impact of extending eligibility for unemployment insurance
16 benefits to individuals who separate from employment due to urgent,
17 compelling, or necessitous circumstances, including the individual's injury or
18 illness, to obtain or recover from medical treatment, to escape domestic or
19 sexual violence, to care for a child following an unexpected loss of child care,
20 or to care for an ill or injured family member.

21 (b) The report shall include:

1 (1) a list of states in which individuals who separate from employment
2 due to circumstances similar to those described in subsection (a) of this section
3 are eligible for unemployment insurance and shall identify the specific
4 circumstances for separation from employment in each identified state for
5 which there is no waiting period or period of disqualification related to the
6 circumstance;

7 (2) information, to the extent it is available, regarding the number of
8 approved claims in the states identified pursuant to subdivision (1) of this
9 subsection where the individual separated from employment due to
10 circumstances similar to those described in subsection (a) of this section;

11 (3) an estimate of the projected range of additional approved claims per
12 year in Vermont if individuals who separate from employment due to
13 circumstances similar to those described in subsection (a) of this section are
14 made eligible for unemployment insurance;

15 (4) an estimate of the range of potential impacts on the Unemployment
16 Insurance Trust Fund of making individuals who separate from employment
17 due to circumstances similar to those described in subsection (a) of this section
18 eligible for unemployment insurance; and

19 (5) any recommendations for legislative action.

20 **Sec. 49.** DOMESTIC AND SEXUAL VIOLENCE SURVIVORS’

21 TRANSITIONAL EMPLOYMENT PROGRAM; UTILIZATION;

1 REPORT

2 On or before January 15, 2024, the Commissioner of Labor shall submit a
3 written report to the House Committee on Commerce and Economic
4 Development and the Senate Committee on Economic Development, Housing
5 and General Affairs regarding the utilization of the Domestic and Sexual
6 Violence Survivors' Transitional Employment Program. The report shall
7 include information regarding the utilization of the Program during the past 10
8 years, a summary of the Department's efforts to make members of the public
9 aware of the Program and improve access to it, how the identified changes
10 have impacted utilization of the Program in comparison to prior years, any
11 potential ways to further increase awareness and utilization of the Program,
12 and any suggestions for legislative action to improve awareness or utilization
13 of the Program.

14 **Sec. 50.** 21 V.S.A. § 1256 is added to read:

15 § 1256. NOTIFICATION TO THE PUBLIC

16 The Department shall take reasonable measures to provide information to
17 the public about the Program, including publishing information on the
18 Department's website and providing timely materials related to the Program to
19 public agencies of the State and organizations that work with domestic and
20 sexual violence survivors, including law enforcement, State's Attorneys,
21 community justice centers, the Center for Crime Victim Services, the Vermont

1 Network Against Domestic and Sexual Violence (the Network), and any others
2 deemed appropriate by the Commissioner in consultation with the Network.

3 * * * Effective Dates * * *

4 **Sec. 51.** EFFECTIVE DATES

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

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

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

16 (3) Sec. 5a (Child Care Financial Assistance Program; eligibility) and
17 Sec. 5d (fiscal year 2024; family contribution) shall take effect on April 1,
18 2024, except that the Commissioner for Children and Families shall initiate
19 any rulemaking necessary prior to that date in order to perform the
20 Commissioner's duties under this act.

1 (4) Sec. 5b (Child Care Financial Assistance Program; eligibility), Sec.
2 9a (payment to providers), and Sec. 10 (child care quality and capacity
3 incentive program) shall take effect on July 1, 2024, except that the
4 Commissioner for Children and Families shall initiate any rulemaking
5 necessary prior to that date in order to perform the Commissioner’s duties
6 under this act.

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

9 (6) Notwithstanding 1 V.S.A. § 214, Secs. 27 and 28 (SALT deduction
10 cap workaround) shall take effect retroactively on January 1, 2023 and shall
11 apply to taxable years beginning on and after January 1, 2023.

12 (7) Sec. 29 (repeals; SALT deduction cap workaround) shall take effect
13 on the later of December 31, 2025 or the date on which the federal limitation
14 on individual deductions for state and local taxes under 26 U.S.C. § 164(b)(6)
15 is repealed or otherwise abrogated.

16 (8) Secs. 30 (Workers’ Compensation Administrative Fund rate of
17 contribution) and 32 (extension prior to proposed discontinuance of workers’
18 compensation benefits) shall take effect on passage.

19 (9) Sec. 44 (extension of unemployment insurance to small nonprofit
20 employers) shall take effect on July 1, 2024.

1 (10) Secs. 36 and 38 (sunset of workers’ compensation dependent
2 benefit increases) shall take effect on July 1, 2028.

3 and that after passage the title of the bill be amended to read: “An act
4 relating to child care, early education, workers’ compensation, and
5 unemployment insurance”

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12 (Committee vote: _____)

13

14

Senator _____

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FOR THE COMMITTEE