

1 TO THE HONORABLE SENATE:

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

7 * * * Legislative Intent * * *

8 Sec. 1. LEGISLATIVE INTENT

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

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

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

14 (3) stabilize Vermont’s talented child care workforce;

15 (4) address the workforce needs of the State’s employers; and

16 (5) provide policy recommendations for expanding access and capacity
17 in Vermont’s prekindergarten system.

18 * * * Prekindergarten * * *

19 Sec. 2. PREKINDERGARTEN EDUCATION STUDY COMMITTEE;

20 REPORT

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

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

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

7 (2) the Secretary of Human Services or designee;

8 (3) the Executive Director of the Vermont Principals' Association or
9 designee;

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

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

14 (6) the Executive Director of the Vermont National Education
15 Association or designee;

16 (7) the Chair of the Vermont Council of Special Education
17 Administrators or designee;

18 (8) the Executive Director of the Vermont Curriculum Leaders
19 Association or designee;

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

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

4 (11) a representative of a prequalified private provider as defined in 16
5 V.S.A. § 829, operating a regulated family child care home, appointed by the
6 Committee on Committees;

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

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

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

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

1 questions, which may yield distinct recommendations for children three and
2 four years of age:

3 (1) Outcomes and quality.

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

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

8 (2) Capacity and demand.

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

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

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

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

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

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

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

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

10 (3) Special education.

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

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

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

18 (4) Public school expansion.

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

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

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

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

7 (5) Funding and costs.

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

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

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

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

17 (6) Oversight.

18 (A) What additional Agency of Education personnel or resources
19 would be needed to oversee an expansion of the current prekindergarten
20 education system under either a mixed-delivery model, a public school system

1 model, or a system that allows school districts to contract with private
2 providers?

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

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

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

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

21 (f) Meetings.

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

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

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

5 (g) Compensation and reimbursement. Members of the Committee who
6 are not employees of the State of Vermont and who are not otherwise
7 compensated or reimbursed for their attendance shall be entitled to per diem
8 compensation and reimbursement of expenses pursuant to 32 V.S.A. § 1010
9 for not more than 10 meetings per year. These payments shall be made from
10 monies appropriated to the Agency of Education.

11 (h) Appropriations.

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

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

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

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

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

1 § 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;

2 ELIGIBILITY

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

9 (2) The subsidy authorized by this subsection shall be established by the
10 Commissioner, by rule, and shall bear a reasonable relationship to income and
11 family size. Families shall be found eligible using an income eligibility scale
12 based on the current federal poverty level and adjusted for the size of the
13 family. Co-payments shall be assigned to the whole family and shall not
14 increase if more than one eligible child is enrolled in child care. Families with
15 an annual gross income of less than or equal to ~~450~~ 185 percent of the current
16 federal poverty guidelines shall not have a family co-payment. Families with
17 an annual gross income up to and including ~~350~~ 600 percent of current federal
18 poverty guidelines, adjusted for family size, shall be eligible for a subsidy
19 authorized by the subsection. The scale shall be structured so that it
20 encourages employment. If the federal poverty guidelines decrease in a given
21 year, the Division shall maintain the previous year's federal poverty guidelines

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

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

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

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

16 * * *

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

19 On January 1, 2024, the Department for Children and Families shall provide
20 a one-time adjustment to the child care provider reimbursement rates in the
21 Child Care Financial Assistance Program for child care services provided to

1 children from birth through four years of age, including children five years of
2 age who are not yet enrolled in kindergarten. The adjusted reimbursement rate
3 shall account for the age of the children served and be 38.5 percent higher than
4 the fiscal year 2023 five-STAR reimbursement rate in the Vermont STARS
5 system. All providers in the same child care setting category shall receive an
6 identical reimbursement rate payment, which shall be dependent upon whether
7 the provider operates a regulated child care center and preschool program or
8 regulated family child care home.

9 Sec. 5. APPROPRIATION; CHILD CARE FINANCIAL

10 ASSISTANCE PROGRAM

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

17 (b) In addition to fiscal year 2024 funds appropriated for the administration
18 of the Department for Children and Families' Child Development Division in
19 other acts, in fiscal year 2024, \$6,000,000.00 is appropriated from the General
20 Fund to the Division to administer the Child Care Financial Assistance

1 Program eligibility expansion in Sec. 3 of this act and for the fiscal year 2024
2 provider rate adjustment in Sec. 4 of this act.

3 Sec. 6. READINESS PAYMENTS AND GRANTS; CHILD CARE

4 FINANCIAL ASSISTANCE PROGRAM

5 (a)(1) In fiscal year 2024, \$25,000,000.00 is appropriated from the General
6 Fund to the Department for Children and Families' Child Development
7 Division for the purpose of providing payments and grants to child care
8 providers, as defined in 33 V.S.A. § 3511, delivering child care services to
9 children birth through four years of age, including children five years of age
10 who are not yet enrolled in kindergarten, in preparation of the Child Care
11 Financial Assistance Program eligibility expansion in Sec. 3 of this act and for
12 the fiscal year 2024 provider rate adjustment in Sec. 4 of this act. Readiness
13 payments and grants may be used for workforce recruitment or retention
14 bonuses, or both; child care facility improvement; and any other uses approved
15 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 grant program established by this
21 section, the Division may either use the same distribution framework used to

1 distribute Child Care Development Block Grant funds in accordance with the
2 American Rescue Plan Act of 2021 or it may utilize an alternative distribution
3 framework.

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

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

8 § 3514. PAYMENT TO PROVIDERS FOR SCHOOL AGE CHILDREN

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

19 * * *

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

21 § 3515. PAYMENT TO PROVIDERS FOR CHILDREN BIRTH THROUGH

1 FOUR YEARS OF AGE

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

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

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

19 § 3516. CHILD CARE QUALITY AND CAPACITY INCENTIVE

20 PROGRAM

1 (a) The Commissioner shall establish a child care quality and capacity
2 incentive program for child care providers participating in the Child Care
3 Financial Assistance Program pursuant to 33 V.S.A. §§ 3512 and 3513
4 and delivering child care services to children birth through four years of age,
5 including children who are five years old and not yet enrolled in kindergarten.
6 Annually, consistent with funds appropriated for this purpose, the
7 Commissioner shall provide each child care provider with a base incentive
8 payment dependent upon the child care provider’s child care setting category.
9 A child care provider’s base incentive payment shall be supplemented for each
10 of the following achievements:
11 (1) completing a Commissioner-approved training on protective or
12 family support services;
13 (2) maintaining five STARS in the Vermont STARS system;
14 (3) achieving an increased STAR level in the Vermont STARS system;
15 (4) maintaining existing infant and toddler capacity;
16 (5) increasing infant and toddler capacity;
17 (6) establishing capacity in regions of the State that are identified by the
18 Commissioner as underserved; and
19 (7) any other quality- or capacity-specific criteria identified by the
20 Commissioner.

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

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

4 § 3517. CHILD CARE WAITLIST AND APPLICATION FEES

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

12 Sec. 11. PROVIDER COMPENSATION AND TOTAL COST OF CARE;
13 RECOMMENDATIONS

14 (a) On or before November 1, 2023, the Department for Children and
15 Families, in consultation with the Department of Labor, the Agency of
16 Education, Building Bright Futures, and the Vermont Association for the
17 Education of Young Children, shall submit a report to the House Committee
18 on Human Services and to the Senate Committee on Health and Welfare
19 addressing the following:

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

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

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

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

16 (1) A tiered professional pay scale for professionals who provide child
17 care services as defined in 33 V.S.A. § 3511 that is designed to provide
18 professionals who provide child care services with compensation comparable
19 to that received by early childhood educators in Vermont’s public school
20 system who serve children from prekindergarten through grade three. The
21 tiered professional pay scale shall account for professionals’ credentialing and

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

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

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

9 Subchapter 6. Child Care Assistance for Additional Populations

10 § 3551. NONCITIZEN CHILD CARE ASSISTANCE PROGRAM;

11 LEGISLATIVE INTENT

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

19 § 3552. NONCITIZEN CHILD CARE ASSISTANCE PROGRAM

20 SUBSIDIES FOR CERTAIN VERMONT RESIDENTS

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

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

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

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

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

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

1 Sec. 13. DEPARTMENT FOR CHILDREN AND FAMILIES; NONCITIZEN
2 CHILD CARE ASSISTANCE PROGRAM SUBSIDIES; FISCAL
3 YEAR 2025 ESTIMATE

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

12 * * * Special Accommodations Grant * * *

13 Sec. 14. REPORT; SPECIAL ACCOMMODATIONS GRANT

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

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

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

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

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

7 * * * Transitional Assistance and Governance * * *

8 Sec. 15. BUILDING BRIGHT FUTURES; TECHNICAL ASSISTANCE;
9 STAKEHOLDER ENGAGEMENT

10 Of the funds appropriated in Sec. 6 (readiness payments and grants; child
11 care financial assistance program) of this act, up to \$250,000.00 may be used
12 by the Department for Children and Families' Child Development Division to
13 contract for stakeholder engagement and technical assistance services from
14 Building Bright Futures for the purposes of implementing the Division's duties
15 in accordance with Sec. 2 (Prekindergarten Education Study Committee), Sec.
16 11 (provider compensation and total cost of care; recommendations), Sec. 12
17 (Noncitizen Child Care Assistance Program), and Sec. 14 (report; special
18 accommodations grant) of this act.

19 Sec. 16. REPORT; CHILD CARE SYSTEM GOVERNANCE

20 (a) The Secretary of Human Services shall conduct an assessment on the
21 organizational structure of the Department for Children and Families that takes

1 into consideration the investments in and expansion of early education and
2 child care pursuant to this act. On or before January 15, 2024, the Secretary
3 shall submit a report to the House Committees on Appropriations, on
4 Government Operations, and on Human Services and to the Senate
5 Committees on Appropriations, on Government Operations, and on Health and
6 Welfare containing recommendations regarding the Department’s
7 organizational structure that shall:

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

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

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

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

18 (D) the fiscal impact of recommended changes to the Department’s
19 structure, including all administrative resources needed to ensure successful
20 operation of the new structure; and

1 (2) identify the transition planning needed to reorganize the
2 Department’s structure, including administrative and project management
3 support, risk mitigation and management, and a proposed transition timeline.

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

7 * * * Repeals; Child Tax Credit * * *

8 Sec. 17. REPEALS; CHILD TAX CREDIT

9 The following are repealed:

- 10 (1) 32 V.S.A. § 5830f (Vermont child tax credit); and
- 11 (2) 32 V.S.A. § 5813(y) (statutory purpose; Vermont child tax credit).

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

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

14 CHAPTER 246. CHILD CARE AND PARENTAL LEAVE
15 CONTRIBUTION

16 § 10551. PURPOSE

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

1 § 10552. DEFINITIONS

2 As used in this chapter:

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

5 (2) “Employee” means an individual who receives payments with
6 respect to services performed for an employer from which the employer is
7 required to withhold Vermont income tax pursuant to chapter 151, subchapter
8 4 of this title.

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

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

15 (5) “Self-employment income” has the same meaning as in 26 U.S.C.
16 § 1402.

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

19 § 10553. CONTRIBUTION; RATE; COLLECTION

20 (a)(1) Each employer shall pay the Child Care and Parental Leave
21 Contribution on all covered wages paid to each of the employer’s employees

1 and shall remit those amounts to the Department of Taxes pursuant to the
2 provisions of this section. An employer may deduct and withhold from an
3 employee’s covered wages an amount equal to not more than one quarter of the
4 contribution required pursuant to subsection (b) of this section. An employer
5 shall pay the contributions required pursuant to this section as if the
6 contributions were Vermont income tax subject to the withholding
7 requirements of chapter 151, subchapter 4 of this title, including the
8 requirements relating to the time and manner of payment.

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

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

19 (c)(1) The Department shall collect the contributions required pursuant to
20 this section. The administrative and enforcement provisions of chapter 151 of
21 this title shall apply to the contribution requirements under this section as if the

1 contributions required pursuant to this section were Vermont income tax,
2 except penalty and interest shall apply according to chapter 103 of this title.

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

7 § 10554. CHILD CARE AND PARENTAL LEAVE CONTRIBUTION

8 SPECIAL FUND

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

21 (b) The Fund shall consist of:

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

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

5 (3) any interest earned by the Fund.

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

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

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

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

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

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

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

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

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

5 * * * Parental Leave Benefit Program * * *

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

7 CHAPTER 22. PARENTAL LEAVE BENEFIT PROGRAM

8 § 2201. PARENTAL LEAVE BENEFIT PROGRAM

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

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

16 (2) intends to either:

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

19 (B) seek new employment or self-employment after the parental
20 leave.

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

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

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

8 (C) Benefits may be provided for:

9 (i) a single continuous leave;

10 (ii) intermittent leaves; or

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

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

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

6 (4) The benefit shall be paid by the Department to the eligible parent
7 within 14 days after the Department approves the parent’s application or within
8 14 days after the parental leave begins, whichever is last occurring, and
9 subsequent payments shall be made biweekly.

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

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

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

18 (A) an application;

19 (B) either:

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

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

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

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

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

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

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

6 (f) As used in this section:

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

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

11 (B) an individual with whom the initial placement of a child 10 years
12 of age or younger for purposes of adoption has occurred within the preceding
13 12 months.

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

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

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

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

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

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

3 Sec. 21. APPROPRIATIONS; PARENTAL LEAVE BENEFIT PROGRAM

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

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

14 * * * Effective Dates * * *

15 Sec. 22. EFFECTIVE DATES

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

1 (b)(1) Sec. 3 (Child Care Financial Assistance Program; eligibility), Sec. 4
2 (provider rate adjustment; Child Care Financial Assistance Program), Sec. 7
3 (payment to providers for school age children), Sec. 8 (payment to providers
4 for children birth through four years of age), and Sec. 9 (child care quality and
5 capacity incentive program) shall take effect on January 1, 2024, except that
6 the Commissioner for Children and Families shall adopt any rules necessary
7 prior to that date in order to perform the Commissioner’s duties under this act.

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

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

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

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21 (Committee vote: _____)

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Senator _____

FOR THE COMMITTEE