

1 TO THE HONORABLE SENATE:

2 The Committee on Finance 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 report of the Committee on Health and Welfare be amended as follows:

6 First: By striking out Sec. 2, 33 V.S.A. § 3512, in its entirety and inserting
7 in lieu thereof a new Sec. 2 to read as follows:

8 Sec. 2. 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 (2) The subsidy authorized by this subsection shall be established by the
18 Commissioner, by rule, and shall bear a reasonable relationship to income and
19 family size. Families shall be found eligible using an income eligibility scale
20 based on the current federal poverty level and adjusted for the size of the
21 family. Co-payments shall be assigned to the whole family and shall not

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

11 (3) Earnings deposited in a qualified child education savings account,
12 such as the Vermont Higher Education Investment Plan, established in
13 16 V.S.A. § 2877, or any similar plan qualified under 26 U.S.C. § 529, shall be
14 disregarded in determining the amount of a family's income for the purpose of
15 determining continuing eligibility.

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

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

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

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

10 (4) “Self-employed individual” means a sole proprietor or partner owner
11 of an unincorporated business, the sole member of an LLC, or the sole
12 shareholder of a corporation.

13 (5) “Self-employment income” has the same meaning as in 26 U.S.C.
14 § 1402.

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

17 § 10553. CONTRIBUTION; RATE; COLLECTION

18 (a)(1) Each employer shall pay the Child Care and Parental Leave
19 Contribution on all covered wages paid to each of the employer’s employees
20 and shall remit those amounts to the Department of Taxes pursuant to the
21 provisions of this section. An employer may deduct and withhold from an

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

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

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

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

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

5 § 10554. CHILD CARE AND PARENTAL LEAVE CONTRIBUTION

6 SPECIAL FUND

7 (a) The Child Care and Parental Leave Contribution Special Fund is
8 created pursuant to chapter 7, subchapter 5 of this title and shall be
9 administered by the Department for Children and Families and the Department
10 of Taxes. Monies in the Fund may be expended by the Department of Taxes
11 for the administration of the Child Care and Parental Leave Contribution
12 created under this chapter, by the Department for Children and Families for
13 benefits provided by State supported child care and under the Parental Leave
14 Benefit Program established pursuant to 33 V.S.A. § 2201, and by the
15 Departments for necessary costs incurred in administering the Fund. All
16 interest earned on Fund balances shall be credited to the Fund.

17 (b) The Fund shall consist of:

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

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

1 (b) During the leave, at the employee’s option, the employee may use
2 accrued sick leave ~~or~~, vacation leave, or any other accrued paid leave, not to
3 exceed six weeks. In lieu of using sick leave, vacation leave, or other accrued
4 paid leave, an employee may use parental leave benefits provided pursuant to
5 33 V.S.A. § 2201 not to exceed 12 weeks. Accrued paid leave and parental
6 leave benefits provided pursuant to 33 V.S.A. § 2201 may be used sequentially
7 but not concurrently. Utilization of accrued paid leave or parental leave
8 benefits provided pursuant to 33 V.S.A. § 2201, or both, shall not extend the
9 leave provided herein by this section.

10 * * *

11 Sec. 71. 33 V.S.A. chapter 22 is added to read:

12 CHAPTER 22. PARENTAL LEAVE BENEFIT PROGRAM

13 § 2201. PARENTAL LEAVE BENEFIT PROGRAM

14 (a)(1)(A) An eligible parent may apply to the Department for Children and
15 Families to receive a parental leave benefit for up to 12 weeks during which
16 the eligible parent is caring for the child and unable to work if the eligible
17 parent is:

18 (i) either employed or self-employed prior to the birth or adoption
19 of a child; and

20 (ii) intends to either:

1 (I) return to employment or self-employment after the parental
2 leave; or

3 (II) seek new employment or self-employment after the
4 parental leave.

5 (B) Only one eligible parent in a two-parent household shall apply
6 for and receive the parental leave benefit established in this section.

7 (C) The benefits provided pursuant to this section shall be available
8 for leaves that begin on or after January 1, 2024.

9 (2)(A) The weekly benefit provided to an eligible parent shall be
10 \$600.00 or the average weekly wage or self-employment income of the eligible
11 parent during the six month period preceding the commencement of the leave,
12 whichever is less.

13 (B) The benefit amount shall be calculated in increments of one full
14 day, which shall be one-fifth of the eligible parent’s weekly benefit amount.

15 (3) The benefit shall be paid by the Department to the eligible parent
16 within 14 days after the Department approves the parent’s application or within
17 14 days after the parental leave begins, whichever is last occurring, and
18 subsequent payments shall be made biweekly.

19 (4) The parental leave for which the eligible parent may receive benefits
20 shall be a single, continuous period ending within one year after the date on
21 which the child was born or placed with the eligible parent for adoption.

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

4 (2) The Department shall develop and make available on the
5 Department’s website information and materials to educate the public
6 regarding the availability of the parental leave benefit and the requirements to
7 obtain the benefit.

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

9 (A) an application;

10 (B) either:

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

14 (ii) proof of self-employment income earned in Vermont during
15 the prior calendar year or, if the individual did not earn self-employment
16 income in Vermont during the prior calendar year, proof of self-employment
17 income earned in Vermont during the current calendar year; and

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

20 (2) An eligible parent may submit an application and other required
21 materials to the Department in anticipation of a birth or the initial placement of

1 a child for adoption or during the eligible parent’s parental leave. The
2 Department shall provide retroactive payments to an eligible parent, provided
3 the completed application and other required materials are received not more
4 than eight weeks after the leave began.

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

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

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

16 (e) As used in this section:

17 (1) “Eligible parent” means an individual whose annual gross family
18 income is not more than 600 percent of the current federal poverty level and
19 who is either:

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

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(Committee vote: _____)

Senator _____

FOR THE COMMITTEE