

1 Introduced by Committee on Health and Welfare

2 Date:

3 Subject: Human services; child care; Child Care Financial Assistance  
4 Program; providers

5 Statement of purpose of bill as introduced: This bill proposes to establish the  
6 Prekindergarten Education Study Committee. It proposes to expand eligibility  
7 in the Child Care Financial Assistance Program. It further proposes to enhance  
8 rates to child care providers participating in the Child Care Financial  
9 Assistance Program. This bill proposes a mechanism to distribute readiness  
10 grants and payments to child care providers and implements an incentive  
11 program for child care providers meeting certain criteria. It further proposes to  
12 create a noncitizen child benefit and study the organization of the Department  
13 for Children and Families. This bill proposes to repeal the child tax credit and  
14 create a parental leave benefit and corresponding child care and parental leave  
15 contribution.

16 An act relating to child care and early childhood education

17 It is hereby enacted by the General Assembly of the State of Vermont:

18 \* \* \* Legislative Intent \* \* \*

19 Sec. 1. LEGISLATIVE INTENT



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

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

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

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

9           (8) the Executive Director of the Vermont Curriculum Leaders  
10          Association or designee;

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

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

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

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

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

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

1        (c) Powers and duties. The Committee shall examine the delivery of  
2        prekindergarten education in Vermont and make recommendations for  
3        expanding equitable access for all children three and four years of age in a  
4        manner that achieves the best outcomes for children, whether through the  
5        current mixed-delivery system, the public school system, the private  
6        prekindergarten system, or a system that allows school districts to contract  
7        with private providers. The Committee shall also examine and make  
8        recommendations on the changes necessary to provide prekindergarten  
9        education to all children three and four years of age through the public school  
10       system, including a timeline and transition plan for such changes. In  
11       conducting its analysis, the Committee shall address the following topics and  
12       questions, which may yield distinct recommendations for children three and  
13       four years of age:

14            (1) Outcomes and quality.

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

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

19            (2) Capacity and demand.

20                    (A) How many children, by age, does the current mixed-delivery  
21        system have the capacity to serve? In studying this issue, the Committee shall

1 consider the number of children on waitlists and the number of vacancies in  
2 programs.

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

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

7 (ii) whether there is a gap between the total prekindergarten  
8 education workforce, including paraeducators, and the number needed for  
9 expansion; and

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

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

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

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

21 (3) Special education.

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

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

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

8           (4) Public school expansion.

9           (A) What infrastructure changes are necessary to expand  
10          prekindergarten education?

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

13          (C) What capacity needs to be built for developmentally appropriate  
14          after-school and out-of-school-time care?

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

17          (5) Funding and costs.

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

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

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

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

8           (6) Oversight.

9           (A) What additional Agency of Education personnel or resources  
10           would be needed to oversee an expansion of the current prekindergarten  
11           education system under either a mixed-delivery model, a public school system  
12           model, or a system that allows school districts to contract with private  
13           providers?

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

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

20           (d) Assistance. The Committee shall have the administrative, technical,  
21           fiscal, and legal assistance of the Agencies of Education and of Human

1 Services. If the Agencies are unable to provide the Committee with adequate  
2 support to assist with its technical, fiscal, or legal needs, then the Agency of  
3 Education shall retain a contractor with the necessary expertise to assist the  
4 Committee.

5 (e) Report. On or before December 1, 2023, the Committee shall submit a  
6 written report to the House Committees on Education and on Human Services  
7 and the Senate Committees on Education and on Health and Welfare with its  
8 findings and recommendations based on the analysis conducted pursuant to  
9 subsection (c) of this section. The report shall include draft legislative  
10 language to support the Committee’s recommendations.

11 (f) Meetings.

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

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

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

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





1 family size. Families shall be found eligible using an income eligibility scale  
2 based on the current federal poverty level and adjusted for the size of the  
3 family. Co-payments shall be assigned to the whole family and shall not  
4 increase if more than one eligible child is enrolled in child care. Families with  
5 an annual gross income of less than or equal to ~~450~~ 185 percent of the current  
6 federal poverty guidelines shall not have a family co-payment. Families with  
7 an annual gross income up to and including ~~350~~ 600 percent of current federal  
8 poverty guidelines, adjusted for family size, shall be eligible for a subsidy  
9 authorized by the subsection. The scale shall be structured so that it  
10 encourages employment. If the federal poverty guidelines decrease in a given  
11 year, the Division shall maintain the previous year's federal poverty guidelines  
12 for the purpose of determining eligibility and benefit amount under this  
13 subsection.

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

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

1 customary rate for services at the center-based child care program or family  
2 child care home.

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

6 \* \* \*

7 Sec. 4. PROVIDER RATE ADJUSTMENT; CHILD CARE FINANCIAL  
8 ASSISTANCE PROGRAM

9 On January 1, 2024, the Department for Children and Families shall provide  
10 a one-time adjustment to the child care provider reimbursement rates in the  
11 Child Care Financial Assistance Program for child care services provided to  
12 children from birth through four years of age, including children five years of  
13 age who are not yet enrolled in kindergarten. The adjusted reimbursement rate  
14 shall account for the age of the children served and be 38.5 percent higher than  
15 the fiscal year 2023 five-STAR reimbursement rate in the Vermont STARS  
16 system. All providers in the same child care setting category shall receive an  
17 identical reimbursement rate payment, which shall be dependent upon whether  
18 the provider operates a regulated child care center and preschool program or  
19 regulated family child care home.

20 Sec. 5. APPROPRIATION; CHILD CARE FINANCIAL ASSISTANCE  
21 PROGRAM

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

7        (b) In addition to fiscal year 2024 funds appropriated for the administration  
8        of the Department for Children and Families’ Child Development Division in  
9        other acts, in fiscal year 2024, \$6,000,000.00 is appropriated from the General  
10       Fund to the Division to administer the Child Care Financial Assistance  
11       Program eligibility expansion in Sec. 3 of this act and for the fiscal year 2024  
12       provider rate adjustment in Sec. 4 of this act.

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

14                    FINANCIAL ASSISTANCE PROGRAM

15        (a)(1) In fiscal year 2024, \$25,000,000.00 is appropriated from the General  
16        Fund to the Department for Children and Families’ Child Development  
17        Division for the purpose of providing payments and grants to child care  
18        providers, as defined in 33 V.S.A. § 3511, delivering child care services to  
19        children birth through four years of age, including children five years of age  
20        who are not yet enrolled in kindergarten, in preparation of the Child Care  
21        Financial Assistance Program eligibility expansion in Sec. 3 of this act and for

1 the fiscal year 2024 provider rate adjustment in Sec. 4 of this act. Readiness  
2 payments and grants may be used for workforce recruitment or retention  
3 bonuses, or both; child care facility improvement; and any other uses approved  
4 by the Commissioner.

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

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

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

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

18 § 3514. PAYMENT TO PROVIDERS FOR SCHOOL AGE CHILDREN

19 (a) The Commissioner shall establish a payment schedule for purposes of  
20 reimbursing providers for full- or part-time child care services to children over  
21 four years of age, excluding children five years of age who are not yet enrolled

1 in kindergarten, rendered to families who participate in the programs  
2 established under section 3512 or 3513 of this title. Payments established  
3 under this section shall reflect the following considerations: whether the  
4 provider operates a licensed child care facility or a registered family child care  
5 home, type of service provided, cost of providing the service, and the  
6 prevailing market rate for comparable service. Payments shall be based on  
7 enrollment status or any other basis agreed to by the provider and the Division.

8 \* \* \*

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

10 § 3515. PAYMENT TO PROVIDERS FOR CHILDREN BIRTH THROUGH  
11 FOUR YEARS OF AGE

12 (a) The Commissioner shall establish a payment schedule that accounts for  
13 the age of the children served for the purpose of reimbursing providers for full-  
14 or part-time child care services to children from birth through four years of  
15 age, including children five years of age who are not yet enrolled in  
16 kindergarten, rendered to families who participate in the programs established  
17 under section 3512 or 3513 of this title. All providers in the same child care  
18 setting category shall receive an identical reimbursement rate payment, which  
19 shall be dependent upon whether the provider operates a regulated child care  
20 center and preschool program or regulated family child care home. The rate  
21 used to reimburse providers shall be increased over the previous year's rate

1 annually on July 1 in alignment with the most recent annual average wage  
2 growth for NAICS code 611, Educational Services, not to fall below zero  
3 percent. Payments shall be based on enrollment.

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

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

8 § 3516. CHILD CARE QUALITY AND CAPACITY INCENTIVE  
9 PROGRAM

10 (a) The Commissioner shall establish a child care quality and capacity  
11 incentive program for child care providers participating in the Child Care  
12 Financial Assistance Program pursuant to 33 V.S.A. §§ 3512 and 3513  
13 and delivering child care services to children birth through four years of age,  
14 including children who are five years old and not yet enrolled in kindergarten.  
15 Annually, consistent with funds appropriated for this purpose, the  
16 Commissioner shall provide each child care provider with a base incentive  
17 payment dependent upon the child care provider’s child care setting category.  
18 A child care provider’s base incentive payment shall be supplemented for each  
19 of the following achievements:

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

- 1           (2) maintaining five STARS in the Vermont STARS system;
- 2           (3) achieving an increased STAR level in the Vermont STARS system;
- 3           (4) maintaining existing infant and toddler capacity;
- 4           (5) increasing infant and toddler capacity;
- 5           (6) establishing capacity in regions of the State that are identified by the  
6 Commissioner as underserved; and
- 7           (7) any other quality- or capacity-specific criteria identified by the  
8 Commissioner.

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

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

12       § 3517. CHILD CARE WAITLIST AND APPLICATION FEES

13           A child care provider shall not charge an application or waitlist fee for child  
14 care services where the applying child qualifies for the Child Care Financial  
15 Assistance Program pursuant to section 3512 or 3513 of this title. A child care  
16 provider shall reimburse an individual who is charged an application or waitlist  
17 fee for child care services if it is later determined that the applying child  
18 qualified for the Child Care Financial Assistance Program at the time the fee or  
19 fees were paid.

20       Sec. 11. PROVIDER COMPENSATION AND TOTAL COST OF CARE;

21           RECOMMENDATIONS



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

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

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

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

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

1           (1) A tiered professional pay scale for professionals who provide child  
2           care services as defined in 33 V.S.A. § 3511 that is designed to provide  
3           professionals who provide child care services with compensation comparable  
4           to that received by early childhood educators in Vermont’s public school  
5           system who serve children from prekindergarten through grade three. The  
6           tiered professional pay scale shall account for professionals’ credentialing and  
7           professional child care experience and shall include the addition of an  
8           appropriate fringe benefit rate. In developing the tiered professional pay scale,  
9           the Department for Children and Families shall refer to the child care and early  
10           childhood education financing study required pursuant to 2021 Acts and  
11           Resolves No. 45, Sec. 14.

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

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

15           Subchapter 6. Child Care Assistance for Additional Populations

16           § 3551. NONCITIZEN CHILD CARE ASSISTANCE PROGRAM;

17           LEGISLATIVE INTENT

18           In establishing the Noncitizen Child Care Assistance Program to provide  
19           child care subsidies for children who are not eligible for the Child Care  
20           Financial Assistance Program (CCFAP) because of their citizenship status, it is  
21           the intent of the General Assembly that the benefits and eligibility criteria set

1 forth in section 3552 of this chapter should align to the greatest extent  
2 practicable with the benefits and eligibility criteria in CCFAP as set forth in  
3 section 3512 of this chapter and corresponding rule.

4 § 3552. NONCITIZEN CHILD CARE ASSISTANCE PROGRAM

5 SUBSIDIES FOR CERTAIN VERMONT RESIDENTS

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

10 (b) The Department for Children and Families shall provide State-funded  
11 child care subsidies equivalent to those offered in CCFAP to Vermont  
12 residents who have a citizenship status for which CCFAP participation is not  
13 available and meet the service need and income eligibility standards  
14 established by the Department in rule.

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

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

19 (3) All applications submitted and records created pursuant to this  
20 section shall be exempt from public inspection and copying under the Public  
21 Records Act and shall be kept confidential. Absent a request for information

1 by a U.S. agency pursuant to federal law, the Department shall not disclose any  
2 personally identifiable information regarding applicants or enrollees to the U.S.  
3 government.

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

6 Sec. 13. DEPARTMENT FOR CHILDREN AND FAMILIES; NONCITIZEN  
7 CHILD CARE ASSISTANCE PROGRAM SUBSIDIES; FISCAL  
8 YEAR 2025 ESTIMATE

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

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

18 Sec. 14. REPORT; SPECIAL ACCOMMODATIONS GRANT

19 On or before January 15, 2024, the Department for Children and Families’  
20 Child Development Division shall submit a report to the House Committee on  
21 Human Services and to the Senate Committee on Health and Welfare

1 providing a proposal to streamline the application process for special  
2 accommodation grants, including:

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

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

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

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

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

12 Sec. 15. BUILDING BRIGHT FUTURES; TECHNICAL ASSISTANCE;  
13 STAKEHOLDER ENGAGEMENT

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

1 recommendations), Sec. 12 (Noncitizen Child Care Assistance Program), and  
2 Sec. 14 (report; special accommodations grant) of this act.

3 Sec. 16. REPORT; CHILD CARE SYSTEM GOVERNANCE

4 (a) The Secretary of Human Services shall conduct an assessment on the  
5 organizational structure of the Department for Children and Families that takes  
6 into consideration the investments in and expansion of early education and  
7 child care pursuant to this act. On or before January 15, 2024, the Secretary  
8 shall submit a report to the House Committees on Appropriations, on  
9 Government Operations, and on Human Services and to the Senate  
10 Committees on Appropriations, on Government Operations, and on Health and  
11 Welfare containing recommendations regarding the Department’s  
12 organizational structure that shall:

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

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

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



1     § 10551. PURPOSE

2             The Child Care and Parental Leave Contribution is established to provide  
3     funding for the Child Care Financial Assistance Program established in 33  
4     V.S.A. §§ 3512 and 3513, including the provision of incentive payments  
5     pursuant to 33 V.S.A. § 3517, and the Parental Leave Benefit Program  
6     established pursuant to 33 V.S.A. § 2201.

7     § 10552. DEFINITIONS

8             As used in this chapter:

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

11            (2) “Employee” means an individual who receives payments with  
12     respect to services performed for an employer from which the employer is  
13     required to withhold Vermont income tax pursuant to chapter 151, subchapter  
14     4 of this title.

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

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



1           (5) “Self-employment income” has the same meaning as in 26 U.S.C.  
2           § 1402.

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

5           § 10553. CONTRIBUTION; RATE; COLLECTION

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

16           (2) Each self-employed individual shall pay the Child Care and Parental  
17           Leave Contribution on the individual’s self-employment income and shall  
18           remit those amounts to the Department of Taxes pursuant to the provisions of  
19           this section. A self-employed individual shall make installment payments of  
20           estimated contributions pursuant to this subdivision from the enrolled self-  
21           employed individual’s self-employment income as if the contributions were

1 Vermont income tax subject to the estimated payment requirements of 32

2 V.S.A. chapter 151, subchapter 5, including the time and manner of payment.

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

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

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

14 § 10554. CHILD CARE AND PARENTAL LEAVE CONTRIBUTION

15 SPECIAL FUND

16 (a) The Child Care and Parental Leave Contribution Special Fund is  
17 created pursuant to chapter 7, subchapter 5 of this title and shall be  
18 administered by the Department for Children and Families and the Department  
19 of Taxes. Monies in the Fund may be expended by the Department of Taxes  
20 for the administration of the Child Care and Parental Leave Contribution  
21 created under this chapter, by the Department for Children and Families for

1 benefits provided by the Child Care Financial Assistance Program established  
2 in 33 V.S.A. §§ 3512 and 3513, including the provision of incentive payments  
3 pursuant to 33 V.S.A. § 3517 and under the Parental Leave Benefit Program  
4 established pursuant to 33 V.S.A. § 2201, and by the Departments for  
5 necessary costs incurred in administering the Fund. All interest earned on  
6 Fund balances shall be credited to the Fund.

7 (b) The Fund shall consist of:

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

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

12 (3) any interest earned by the Fund.

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

15 Sec. 19. CHILD CARE AND PARENTAL LEAVE CONTRIBUTION

16 POSITIONS AND APPROPRIATION

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

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

1           (2) two full-time, classified tax examiners within the Compliance

2           Division;

3           (3) three full-time, classified tax compliance officers within the

4           Compliance Division;

5           (4) one full-time, classified financial specialist III within the Revenue

6           Accounting and Returns Processing Division; and

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

8           (b) In fiscal year 2024, the amount of \$4,200,00.00 is appropriated from the  
9           General Fund to the Department of Taxes to be used for the implementation of  
10           the Child Care and Parental Leave Contribution pursuant to 32 V.S.A. chapter  
11           246 created by this act.

12                           \* \* \* Parental Leave Benefit Program \* \* \*

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

14                           CHAPTER 22. PARENTAL LEAVE BENEFIT PROGRAM

15                           § 2201. PARENTAL LEAVE BENEFIT PROGRAM

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

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

3           (2) intends to either:

4           (A) return to employment or self-employment after the parental  
5 leave; or

6           (B) seek new employment or self-employment after the parental  
7 leave.

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

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

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

15           (C) Benefits may be provided for:

16           (i) a single continuous leave;

17           (ii) intermittent leaves; or

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

1           (3)(A) The weekly benefit provided to an eligible parent shall be  
2           \$600.00 per week or the eligible parent’s average weekly wage or self-  
3           employment income during the six-month period preceding the  
4           commencement of the leave, whichever is less. If the leave benefit is shared  
5           between two eligible parents, the benefit amount for each eligible parent’s  
6           leave shall be determined separately from the other eligible parent’s portion of  
7           the leave.

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

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

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

20          (2) The Department shall develop and make available on the  
21          Department’s website information and materials to educate the public

1 regarding the availability of the parental leave benefit and the requirements to  
2 obtain the benefit.

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

4 (A) an application;

5 (B) either:

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

9 (ii) proof of self-employment income earned in Vermont during  
10 the prior calendar year or, if the individual did not earn self-employment  
11 income in Vermont during the prior calendar year, proof of self-employment  
12 income earned in Vermont during the current calendar year; and

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

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

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

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

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

12       (f) As used in this section:

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

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

17               (B) an individual with whom the initial placement of a child 10 years  
18       of age or younger for purposes of adoption has occurred within the preceding  
19       12 months.

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





1 Sec. 22. EFFECTIVE DATES

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

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

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

18 (3) Sec. 18 (32 V.S.A. chapter 246; Child Care and Parental Leave  
19 Contribution) shall take effect on July 1, 2024.

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