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An Act To Support Maine's Working Families through Universal Child Care

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 5 MRSA §12004-G, sub-§14-I is enacted to read:

14-I.

<u>Health Care</u>	<u>Universal Child Care</u>	<u>Expenses Only</u>	<u>22 MRSA §7288</u>
	<u>Trust Fund Board</u>		

Sec. 2. 5 MRSA §12004-I, sub-§30-B is enacted to read:

30-B.

<u>Health Care</u>	<u>Universal Child Care</u>	<u>Not Authorized</u>	<u>22 MRSA §7289</u>
	<u>Trust Fund Advisory</u>		
	<u>Committee</u>		

Sec. 3. 22 MRSA sub-T. 4, Pt. 4 is enacted to read:

PART 4

CHILD CARE SERVICES

CHAPTER 1606

UNIVERSAL CHILD CARE

§ 7285. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Advisory committee. "Advisory committee" means the Universal Child Care Trust Fund Advisory Committee described in section 7289.

2. Board. "Board" means the Universal Child Care Trust Fund Board described in section 7288.

3. Eligible person. "Eligible person" means a person determined to be eligible under the program.

4. Executive director. "Executive director" means the executive director of the board.

5. Fund. "Fund" means the Universal Child Care Trust Fund established under section 7287.

6. Universal Child Care Program. "Universal Child Care Program" or "program" means the program created under section 7286.

§ 7286. Universal Child Care Program established

The Universal Child Care Program is established. The program provides child care to individuals and families determined to be eligible under this chapter. The program must have a unified system for intake and eligibility determination for all consumers. Income may not be a factor for eligibility for any services provided under the program. The board oversees all funding for services provided pursuant to the program.

§ 7287. Universal Child Care Trust Fund established

The Universal Child Care Trust Fund is established as a nonlapsing fund managed by the board to support the program. The fund may receive any revenue appropriated or allocated to the fund and receives all funds deposited in the fund from any other source. Funds in the fund may be invested in the same manner as permitted for investment of funds held in the State Treasury.

§ 7288. Universal Child Care Trust Fund Board

The Universal Child Care Trust Fund Board, established in Title 5, section 12004-G, subsection 14-I, oversees and manages the fund and its use under the program in accordance with this chapter.

1. Membership of the board. The board consists of the following members:

A. A member of the Senate, appointed by the President of the Senate;

B. A member of the House of Representatives, appointed by the Speaker of the House of Representatives;

C. A member who resides in the State's First Congressional District at the time of appointment and is a family child care provider as defined in section 8301-A;

D. A member who resides in the State's Second Congressional District at the time of appointment and is a family child care provider as defined in section 8301-A;

E. A member who resides in the State's First Congressional District at the time of appointment and operates a child care center as defined in section 8301-A;

F. A member who resides in the State's Second Congressional District at the time of appointment and operates a child care center as defined in section 8301-A;

G. A parent or guardian of a child under 4 years of age who resides in the State's First Congressional District and receives child care services at the time the parent or guardian becomes a member of the board;

H. A parent or guardian of a child under 4 years of age who resides in the State's Second Congressional District and receives child care services at the time the parent or guardian becomes a member of the board;

I. A parent or guardian of a child who has special needs;

J. A new resident of the State who is a parent or guardian of a child who, at the time the parent or guardian becomes a member of the board, is under 4 years of age;

K. The commissioner or the commissioner's designee;

L. The Commissioner of Education or the commissioner's designee; and

M. The Treasurer of State or the treasurer's designee.

2. Appointment to initial board; term; vacancy. By February 1, 2018, the Speaker of the House of Representatives shall appoint 5 members to the initial board that satisfy the requirements of subsection 1, paragraphs B, C, E, G and J and the President of the Senate shall appoint 5 members to the board that satisfy the requirements of subsection 1, paragraphs A, D, F, H and I. A member of the initial board serves for a one-year term or until the election of that member's successor under subsection 3. A vacancy on the initial board is filled in the same manner by the appointing authority for the unexpired portion of the term.

3. Election of board. The department shall establish procedures to provide for elections of board members after the terms of the initial board expire. At least one year prior to each election, the department shall provide to the board lists of all licensed child care providers including owners, directors, staff members and direct care employees. The board shall determine and compile a list of the names and addresses of all parents and guardians with children receiving child care services through the program and provide the list to the department. Based on compiled lists, the department, in consultation with the board, shall identify all persons who have direct interests related to each member's required qualifications under subsection 1, referred to in this subsection as "that member's constituency." The department shall establish and administer a system of nomination and secret ballot voting by mail under which each member is elected by vote of that member's constituency.

4. Terms; compensation; vacancy. A member of the board elected under subsection 3 serves a 3-year term and may serve no more than 4 terms. Members receive no compensation for service but are entitled to any necessary expenses, including travel expenses, incurred in the discharge of their duties. A vacancy during the term of a member elected under subsection 3 may be filled by appointment by the commissioner for the remainder of the member's term. A member representing those receiving child care services in subsection 1, paragraph G or H who no longer receives those services may serve out the remainder of the member's term. A member of the board appointed or elected under subsection 1, paragraph C, D, E or F is no longer eligible to serve if that member no longer meets the requirements of the respective paragraph unless that person is moving to new employment that will permit the member to meet the same requirements and the gap in employment is no longer than 4 weeks.

5. Board responsibilities. The board:

- A. Shall manage the fund to ensure the long-term sustainability of the fund;
- B. Shall determine the amount of funding from the fund to be used for services funded under the program;
- C. Shall set reimbursement rates for services under section 7290 eligible for reimbursement under the program in a manner that maximizes access to those services, supports workforce development and ensures service quality;
- D. May by rule manage eligibility under the program to ensure the program does not negatively affect the financial health of the fund;
- E. May create advisory committees to advise the board on the program and fund;
- F. May collect and disseminate information related to the program;
- G. Shall report annually, no later than December 31st, to the Legislature on the status of the fund, including revenues, expenditures on child care services, administrative costs, provider reimbursement rates and any other relevant information relating to the fund;
- H. Shall advise the Governor and the Legislature on appropriate policies related to child care; and
- I. Shall undertake any other functions necessary to implement the program and enable the board to carry out its powers and duties under this chapter.

6. Administrative support; executive director; duties. The board shall employ an executive director to administer the program, to provide administrative, managerial and technical support for the operations of the board and to compile annual reports. The executive director must have financial and accounting expertise. The board shall determine the appropriate salary of the executive director, who serves at the pleasure of the board. The executive director may hire additional professional staff necessary to administer the program. The executive director shall:

- A. Hold a meeting in each county not less frequently than once every 2 months to report to parents and guardians and child care providers on the actions of the board;
- B. Report to the board the information, questions and input gathered from parents and guardians and child care providers at the meetings held pursuant to paragraph A;
- C. Assist in the creation of countywide associations of parents and guardians and child care providers and work, in coordination with existing associations of parents and guardians and child care providers, to monitor and coordinate the implementation of universal child care and to facilitate access to high-quality child care;
- D. Work with the director of the Child Development Services System, as defined in Title 20-A, section 7001, subsection 1-A, to coordinate outreach and information about child development services; and

E. Periodically review existing licensure requirements for child care providers and submit to the joint standing committee of the Legislature having jurisdiction over child care matters any recommendations for changes to those licensure requirements.

§ 7289. Universal Child Care Trust Fund Advisory Committee

The Universal Child Care Trust Fund Advisory Committee is established under Title 5, section 12004-I, subsection 30-B.

1. Members. The advisory committee is composed of the following, or their designees:

- A. The commissioner;
- B. The Commissioner of Labor;
- C. The Commissioner of Education;
- D. The Treasurer of State;
- E. The President of the Senate; and
- F. The Speaker of the House of Representatives.

2. Duties. The advisory committee shall, on a quarterly basis, review the policies and financial management of the fund and provide guidance and advice to the board and the executive director.

§ 7290. Child care services

Notwithstanding any other provision of law, child care is available free to parents and guardians under the program in accordance with rules adopted by the board. Notwithstanding any other provision of law, federal child care subsidies under the Temporary Assistance for Needy Families program, established in chapter 1053-B, and the federal Child Care and Development Fund block grant as well as all money in the fund designated by the board to support the services funded under this section must be applied by the department in accordance with this section and rules adopted under this section.

1. Children under one year of age. Beginning July 1, 2019, in accordance with rules adopted by the board, a parent or guardian with a child or children under one year of age, upon application to the department, receives vouchers from the department to pay the full cost of enrollment in a child care facility or nursery school of the parent's or guardian's choosing, including a facility or school licensed under chapter 1673 or 1675 or an unlicensed facility or school. The department shall, upon application by a parent or guardian who is not employed and has a child or children under one year of age for whom that parent or guardian provides child care, pay to that parent or guardian \$125 each month per child.

2. Children under 2 years of age. Beginning July 1, 2020, in accordance with rules adopted by the board, a parent or guardian with a child or children under 2 years of age, upon application to the department, receives vouchers from the department to pay the full cost of enrollment in a child care facility or nursery school of the parent's or guardian's choosing, including a facility or school licensed

under chapter 1673 or 1675 or an unlicensed facility or school. The department shall, upon application by a parent or guardian who is not employed and has a child or children under 2 years of age for whom that parent or guardian provides child care, pay to that parent or guardian \$125 each month per child.

3. Children under 3 years of age. Beginning July 1, 2021, in accordance with rules adopted by the board, a parent or guardian with a child or children under 3 years of age, upon application to the department, receives vouchers from the department to pay the full cost of enrollment in a child care facility or nursery school of the parent's or guardian's choosing, including a facility or school licensed under chapter 1673 or 1675 or an unlicensed facility or school. The department shall, upon application by a parent or guardian who is not employed and has a child or children under 3 years of age for whom that parent or guardian provides child care, pay to that parent or guardian \$125 each month per child.

4. Rules; local market rates. Pursuant to section 7292, the board shall adopt rules governing the provision of vouchers and payments for child care under this section. The board shall determine an appropriate methodology for studying local market rates before setting payment rates under this subsection. The rules must provide that, no later than July 1, 2019, payment rates for child care services are at least equal to the 75th percentile of local market rates for the various categories of child care services and the payment rates for child care services for children with special needs must be higher than the 75th percentile of local market rates.

§ 7291. Outreach

Beginning April 1, 2018, in accordance with rules adopted by the board, all employers in the State must display in workplaces posters notifying employees of the universal child care services available under the program. The Department of Labor shall produce and distribute all posters required under this section.

§ 7292. Rules

The board shall adopt rules necessary to implement this chapter. Rules adopted by the board pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

Sec. 4. Program development and implementation. The following provisions govern the development and implementation of the Universal Child Care Program established under the Maine Revised Statutes, Title 22, chapter 1606.

1. Development of revenue source. By December 15, 2017, the Department of Administrative and Financial Services, Bureau of Revenue Services shall develop and submit to the Joint Standing Committee on Health and Human Services draft legislation to establish universal child care taxes to provide funding for the Universal Child Care Program, established in the Maine Revised Statutes, Title 22, section 7286. The draft legislation must be structured to include 3 elements:

A. A tax on wages that applies in a manner substantially equivalent to the federal Social Security Act's Old-Age, Survivors, and Disability Insurance program tax, with the same rates as the federal tax rates and applicable in the same manner to employees and employers but that applies only to earnings above the annual contribution and benefit base of the federal tax;

B. A self-employment tax applicable to taxpayers who are subject to the federal Self-Employment Contributions Act tax that applies to net earnings in a substantially equivalent manner and at the same rates as that federal tax but that applies only to net earnings above the annual limit of net earnings subject to taxation under that federal tax; and

C. A tax on unearned annual income over \$127,000, indexed to changes in the wage and earning thresholds applicable under paragraphs A and B, that applies in a manner similar to the federal Net Investment Income Tax imposed under 26 United States Code, Section 1411 with a tax rate that is the same as that applicable to net earnings subject to tax under paragraph B.

The Joint Standing Committee on Health and Human Services shall report out a bill to the Second Regular Session of the 128th Legislature to establish universal child care taxes to fund the Universal Child Care Program.

2. Start-up; appointment of initial board. No later than March 1, 2018, the initial Universal Child Care Trust Fund Board established under the Maine Revised Statutes, Title 22, chapter 1606 shall meet to develop and oversee the implementation of the Universal Child Care Program and to plan with the Department of Health and Human Services for the election of new members in November 2018. By March 1, 2018, the board shall also examine the need for and develop a plan for maintaining or eliminating existing advisory councils relating to the child care services portions of the program and shall submit a report of its recommendations to the Joint Standing Committee on Health and Human Services relating to the appropriate roles for those councils.

3. Workforce training center. The Department of Health and Human Services, in consultation with the Department of Labor and the Maine Community College System, shall develop workforce training programs for child care workers providing services funded under the Universal Child Care Program established in the Maine Revised Statutes, Title 22, chapter 1606. The Department of Health and Human Services shall submit a plan for establishing and funding the training programs by January 1, 2019 and shall by March 1, 2018 submit a report of its recommendations to the Joint Standing Committee on Health and Human Services.

SUMMARY

This bill establishes the Universal Child Care Program of universal child care for all individuals and families who are eligible. Eligibility for universal child care is based on the age of the child. Income is not a factor for eligibility. The bill establishes the Universal Child Care Trust Fund, which is managed by a board composed of members who represent child care providers and consumers of child care services. The board employs professional staff and receives advice from an advisory committee composed of the Commissioner of Health and Human Services, the Commissioner of Education and the Commissioner of Labor as well as the Treasurer of State, the President of the Senate and the Speaker of the House of Representatives. Base funding for universal child care is from child care funds from the Temporary Assistance for Needy Families program and the federal Child Care and Development Fund block grant.

To complete the funding for the Universal Child Care Program, the Department of Administrative and Financial Services, Bureau of Revenue Services is directed to develop and submit to the Joint Standing Committee on Health and Human Services draft legislation to establish universal child care

taxes. The taxes are to be structured to include 3 elements: a tax on wages that is substantially equivalent to the federal Social Security Act's Old-Age, Survivors, and Disability Insurance program tax, but that applies only to earnings above the annual contribution and benefit base of the federal tax; a self-employment tax applicable to taxpayers who are subject to the federal Self-Employment Contributions Act tax that is equivalent to that tax and applies to net earnings above the annual limit subject to taxation under that federal tax; and a tax equal to the wage and self-employment taxes that is imposed on unearned annual income and that applies in a manner similar to the federal Net Investment Income Tax. The bill directs the Joint Standing Committee on Health and Human Services to report out a bill to the Second Regular Session of the 128th Legislature to establish universal child care taxes to fully fund the Universal Child Care Program.