

Testimony to Senate Health & Welfare Committee on Senate bill S.56, Friday, Feb. 17, 2023  
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- Introduction
  - o Vermont Business Roundtable
    - Background: Membership organization of 100 Vermont CEOs, founded to harness the intellectual power of Vermont's business leaders to apply thoughtful research and analysis to Vermont's challenges. We're not a trade organization or an advocacy group.
    - Mission Statement: Making Vermont the best place in America to do business, be educated and live life.
  - o Personal background –co-founder and CEO of Global-Z International, a software company located in Bennington; co-chair of VBR ECL taskforce; business rep on BBF SAC; board member of a local childcare provider
- Vermont Business Roundtable
  - o VBR has been working on the childcare issue for over 20 years, this has been a primary policy initiative for us for a long time.
  - o We view investments in childcare as critically important due to a broad range of expected positive outcomes: economic and workforce benefits, and most importantly influencing positive outcomes for Vermont children and families.
  - o We view childcare as a key lever in influencing social determinants of health, and see broader impact on other systems. We recognize the impact that early care and learning can have on children's physical, mental, and emotional health; K-12 readiness; workforce readiness; improved economic outcomes; and a broad range of similar social and economic benefits.
  - o We believe that additional public investment is necessary to address the challenges with Vermont's childcare system.
  - o We recognize the importance of targeting those investments at lowering families' cost of childcare, and improving provider compensation and related credentialing. We recognize the connection between those investments and improving the quality of childcare, because data and research shows that high-quality is essential for producing the expected positive outcomes for children, as well as generating economic returns on the investments.
- Strengths of S.56
  - o We're excited that the legislature is bringing childcare front and center as a priority this year.
  - o We view ourselves as partners in the initiative and are ready to work with the legislature to meet our common objectives.
  - o We view the bill as a strong statement of commitment to childcare as a priority for Vermont. We recognize that the intent of the bill is to lower cost to families, improve access to childcare, and improve the quality.

- We support the bill's expansion of CCFAP subsidies above the current income cap of 350% FPL. This expansion will be critical for reducing families' cost of care and improving quality.
- Opportunities
  - CCFAP expansion – while the proposed expansion brings more families into the system, the cap at 450% FPL will make childcare even less affordable for families above that cap.
    - A family of 4 at 450% FPL earns roughly \$125,000, and while that can be viewed as a lot of money compared to some families, these families are still making tough decisions about childcare due to the high cost.
    - Today that family would not qualify for a subsidy, and would be paying roughly \$12,500 to \$14,000 per year for childcare, or around 10-11% of household income, according to the RAND report (Chapter 1, footnote 1).
    - Once new dollars flow into the system, and providers are compensated at the cost-of-care, which are all beneficial for the system, families just over the income cap will pay between \$20,000 and \$36,000 for care, because the cost of childcare without a subsidy will increase dramatically (RAND Report Table 3.3), or around 16-29% of household income. To most families at any income level, 16-29% of household income is unaffordable.
    - That cliff means that many of these families will choose not to use the childcare system, and this income bracket comprises roughly 25% of families in Vermont. That keeps more parents out of the workforce, and prevents those children from gaining the benefits of early childhood education that data clearly shows. This will also create significant negative impacts on the system because those families will no longer be paying into the system.
    - We encourage the legislature to explore other subsidy models that continue subsidies into those higher income ranges, even if the subsidies aren't as generous as for lower or middle income families.
  - Moving 4-year-olds to the public ed system – the proposal to move 4-year-olds into the public education system is certainly worth exploring, and has the notable benefit of avoiding benefits cliffs for all families. However there are transitional impacts on the existing system that are of some concern, because they could make access, quality, and affordability challenges even greater for some families. No doubt the legislature has heard testimony on this from many people over the past week, and we are not policy experts in this area. However we encourage the legislature to carefully consider downside impacts, and ways of transitioning that reduce negative impacts on an already challenged system.
  - Funding – We recognize that funding of the childcare system is not directly in the purview of this committee, however funding impacts all aspects of the childcare system, including decisions that this committee will be making that will impact

capacity, demand, quality, and cost. So funding influences issues across committees.

- The Roundtable believes that new investments are critically important for the system. We don't have a strong consensus any particular funding source, however we have adopted guidelines for what we believe are important considerations in any funding system. Those guidelines include sustainability, equity, and neutrality, among others. These guidelines are published in our State Income Tax Decisionmaking Framework document (see Sources below).
- In particular, we believe that any funding should be shared as broadly as possible, and that the benefits are shared as broadly as possible. While we expect that employers would see some impact from new funding, we would not support a funding model that places the burden disproportionately on employers.

## Sources and Links

- Foresight Law+Policy
  - “Why the K-12 World Hasn’t Embraced Early Learning” - [https://www.flpadvisors.com/uploads/4/2/4/2/42429949/why\\_the\\_k12\\_world\\_hasnt\\_embraced\\_early\\_learning.pdf\\_final.pdf](https://www.flpadvisors.com/uploads/4/2/4/2/42429949/why_the_k12_world_hasnt_embraced_early_learning.pdf_final.pdf)
  - “Early Childhood Data Systems: Responding to COVID-19 and Building for the Future” - [https://dataqualitycampaign.org/wp-content/uploads/2020/06/DQC-FPL\\_Early-Childhood-Data-Systems\\_Responding-to-COVID-and-Building-for-the-Future.pdf](https://dataqualitycampaign.org/wp-content/uploads/2020/06/DQC-FPL_Early-Childhood-Data-Systems_Responding-to-COVID-and-Building-for-the-Future.pdf)
- Building Bright Futures
  - Vermont Early Childhood Action Plan (VECAP) – <https://buildingbrightfutures.org/wp-content/uploads/2020/12/VECAP-Final.pdf>
  - The State of Vermont’s Children 2022 Year in Review - <https://buildingbrightfutures.org/wp-content/uploads/State-of-Vermonts-Children-2022.pdf>
  - Building Bright Futures Impact Report 2022 - <https://buildingbrightfutures.org/wp-content/uploads/BBF-Impact-Report-2022.pdf>
- Legislative Studies
  - Vermont Child Care and Early Childhood Education Systems Analysis (2022) - [https://legislature.vermont.gov/assets/Legislative-Reports/Vermont-Child-Care-and-Early-Childhood-Education-Systems-Analysis-Final-Report\\_July-2022.pdf](https://legislature.vermont.gov/assets/Legislative-Reports/Vermont-Child-Care-and-Early-Childhood-Education-Systems-Analysis-Final-Report_July-2022.pdf)
  - RAND Vermont Early Care and Education Financing Study (2023) - [https://lifo.vermont.gov/assets/Uploads/ed5a5aa58c/RAND\\_RRA2213-1.pdf](https://lifo.vermont.gov/assets/Uploads/ed5a5aa58c/RAND_RRA2213-1.pdf)
  - Blue Ribbon Commission on Financing High Quality, Affordable Child Care (2016) - [https://letsgrowkids.org/client\\_media/files/BRCReport\\_Full.pdf](https://letsgrowkids.org/client_media/files/BRCReport_Full.pdf)
- Vermont Business Roundtable

- Statement in Support for Investments into Ages 0-5 Early Childhood Education (2021) - <https://vtroundtable.org/roundtable-issues-statement-in-support-for-investments-into-ages-0-5-early-childhood-education-1-28-21/>
- Statement in Support of Public Investment in Child Care (2022) - <https://vtroundtable.org/roundtable-issues-statement-in-support-of-public-investment-of-childcare-4-25-22/>
- Early Care & Learning FAQs (2023) - <https://vtroundtable.org/ecl-faq/>
- Vermont's State Income Tax Decisionmaking Framework (2002) - <https://vtroundtable.org/wp-content/uploads/2015/08/01taxreport.pdf>
- Other Groups Providing Consulting & Research
  - National Institute for Early Education Research (NIEER) - <https://nieer.org>
  - UVM College of Education and Social Services - <https://www.uvm.edu/cess>
- Other Resources and Reports
  - [https://s3.amazonaws.com/newamericadotorg/documents/One\\_Pager\\_-\\_Lessons\\_from\\_Quebec.pdf](https://s3.amazonaws.com/newamericadotorg/documents/One_Pager_-_Lessons_from_Quebec.pdf)