



Date: Tuesday, March 12, 2024

To: Vermont House Committee on Appropriations

From: Sarah Kenney, Chief Policy Officer, Let's Grow Kids

Re: House Human Services letter re: Governor's Recommended Fiscal Year 2025 Budget

Let's Grow Kids fully supports the recommendations from the House Human Services Committee regarding the Governor's FY25 budget proposal.

As your committee has discussed, the Governor's proposed budget would revert \$10 million from the Child Care Financial Assistance Program (CCFAP) in FY24 and proposes a \$9 million cut to base funding for CCFAP in FY25 and beyond. This proposal comes before the most significant parts of Act 76 have even been implemented. We know that your committee shares our concerns about this proposed cut, and we note that **your colleagues on the Human Services Committee (HHS) have wisely recommended rejecting the Governor's proposed cut to base funding for CCFAP** in the HHS letter to your committee posted on March 12. We agree that it is crucial to ensure that the Child Development Division and its partners have all the funding they need in the coming fiscal year for this historic law to have the intended impact.

We also support the Human Services Committee's recommendations for language additions and revisions related to child care:

- **Consensus Estimate for CCFAP budget:** The consensus estimate approach proposed on page 8 of the HHS letter will lead to better information for all parties working to craft the state budget for this vital program.
- **Child Care Tuition Rate Caps:** The language proposed on page 9 of the HHS letter will provide a necessary pause to the Act 76 limitation on child care tuition rates. This is an important adjustment to the timing of this provision. For years, many programs have kept tuition rates artificially low because families couldn't afford to pay more. These artificially suppressed rates – a result of decades of lack of state investment in child care – have made it difficult for programs to recruit and retain employees and have led in part to the “market failure” of our child care system. The rate cap provision in Act 76 has proven challenging for a number of programs as they try to catch up to the updated rates in Act 76, and it has been challenging for CDD to administer at this moment of transition. The language recommended by HHS will pause the implementation of the tuition rate cap for one year, giving child care programs a chance to recalibrate rates and for the state to track families' experiences with tuition rate adjustments. During this time, Act 76's upcoming significant expansion of CCFAP will cushion the families of thousands of children from the impact of increased tuition rates.

We at Let's Grow Kids know that your committee is facing very hard decisions this session, and we deeply appreciate the Legislature's continued commitment to solving Vermont's child care crisis. It's clear that implementation of Act 76 is off to a strong start, but our work is not done yet. Your work is already having an impact – the tide is turning for our long-struggling child care system. Please implement the recommendations from your colleagues on House Human Services so that the State can deliver on the promise of your excellent work to pass historic child care funding last year.