

Michelle Faust, Irasburg VT

Testimony on S.56

House Human Services Committee

April 11, 2023

Good Afternoon, for the record my name is Michelle Faust and I am a resident of Irasburg, VT.

I am also the executive director of Northeast Kingdom Learning Services, Inc. also known as NEKLS. NEKLS is a 501c3 that has been in existence since the mid 1960's and provides adult education and literacy services for Vermonters age 16 and up throughout Caledonia, Essex and Orleans counties, helping them with basic skill development in reading, writing and math as well as supporting them in earning a high school diploma or GED. We also provide college and career readiness instruction in collaboration with our Workforce Investment Opportunity Act (WIOA) partners in the State including Department of Labor, HireAbility Vermont, CCV, and Career & Technical Centers.

In 2019, NEKLS opened Ready, Set, Grow Child Care, a 5 STAR center and UPK provider in Newport. We partner with Northeast Kingdom Community Action's Newport Head Start program and are licensed to serve 98 children between both of our programs.

Today I would like to share with you the positive impact that passing S.56 would have on NEKLS as an employer, on Ready, Set, Grow Childcare as a provider of early care and education, on the families that we serve, and on the families in our community that would like to enter or re-enter the workforce as well as on local employers seeking new employees.

I want to highlight the components that are of most importance to NEKLS and Ready, Set, Grow Child Care.

The components included in the Child Care Financial Assistance Program, from NEKLS and Ready, Set, Grow's perspective, these are the most important components of S.56.

Increasing the income threshold for families from 150% to 185% for families with no family co-pays

would mean that more of our employees with children in care and more of the families we serve would have the opportunity to move from financially surviving towards financially thriving. As we all know for some families their cost of child care per month exceeds their monthly cost for housing.

Increasing the threshold for those who would have access to subsidy from 350% to 600%

would mean that parents who had to make the difficult decision to leave the workforce could now return to the workforce. Parents that would like to enter the workforce but have not due to the cost of childcare could now enter the workforce. Many working parents who were at the \$200 family co-pay would qualify for a lower family co-pay – again, helping to move our working parent families from financially surviving towards financially thriving. It is important to note that when a person is able to re-enter the workforce they are able to once again build social security contributions, retirement contributions, and contributions to the local economy through higher purchasing power. Unfortunately, many of those who have left the workforce have been the female in the family further intensifying the divide in earnings. I have included a couple of handouts that reflect the current reality of working families in the child care system. I'd ask that you take a moment to look at these. (pause)

The first page and second page present the impact between subsidy and no subsidy on working families. Both of these families, the one on the left and the one on the right are families of 4 with 1 fulltime infant and 1 fulltime toddler in child care. The family on the left has 2 working parents – one working in education, and one working in the plumbing industry. This family has a gross income of \$8094.00 monthly the family on the right has a gross monthly income of \$8095.00 - \$1.00 more per month. Family

on the left qualifies for a \$200 per week family co-pay, the right does not qualify for any subsidy. As you can see from the handout the cliff in access to subsidy is a very real problem and has created a result of negative financial impact on the family on the right. However, it should be noted that the monthly expenses listed do not include medical and prescription co-pays, clothing, haircuts, shoes and sneakers, car repairs, tires, gifts or any of the other real daily life expenses and the family on the left is likely not to have available cash at the end of the month and is likely living from paycheck to paycheck – the family on the right is likely incurring credit card debt, exhausting any savings set aside, or having to do without. So what is the potential impact of this on families? Let's take a look at the next pages the impact between subsidy and one working parent families – again we are looking at the same two families but the family on the right made the decision to have one of the parents leave the workforce. The family now is still struggling but not nearly as much as if they both were in the workforce. This is why for some families both parents working is not a viable option. The greater impact is that the available workforce in the State is reduced.

S.56 improves the financial health of working families which can support improved family stability, with housing for example and also when financial stress is reduced family emotional health has room to improve. S.56 improves the outlook for employers and access to an increased workforce.

Another important component is increasing rates to providers for Ready, Set, Grow Child Care this would mean that we could increase starting wages for new hires, increase salary scales for existing hires, thereby improving staff retention and recruitment for new talent.

Shifting from CCFAP from being based on STARS and attendance to being based on enrollment would mean stabilizing a historically fragile child care business sector. This would mean that child care businesses can budget and plan for success. A successful and thriving child care business can better support the children and families they serve and their communities by focusing on professional development, quality of care, best practices and continuous improvement instead of spending the

limited resource of time and energy on ensuring that we are in ratio in classrooms, juggling schedule due to lack of staffing, continually recruiting new staff to replace staff leaving for better financial opportunities, meeting payroll, and basically surviving the day.

Improving long range payments to providers by establishing a payment schedule would increase provider reimbursements annually based on an identified data source would continue to support the stabilization and prospering of the child care business sector.

Readiness Payments and Grant dollars such as workforce recruitment funds would leverage dollars the State is currently investing in workforce development of the child care sector, such as the upcoming training in Burlington or the Step Up to Child Care training coming to the NEK in this summer. Child care facility improvement grants would afford centers that have not been able to remodel or address areas of concern due to lack of reliable funding to be able to do so. For Ready, Set, Grow this might look like being able to add a bathroom to one of our areas to be able to increase slots available for more children.

The Child Care Quality and Capacity Incentive Program would provide financial incentive for programs to continue to strive for 5 STARS – a 5 STAR center requires a higher level of staffing, professional development, family, community and leadership engagement and increased pay and benefits for staffing. All of this contributes to an increase in the cost of care for a center. We are caring for and educating our future K-12 students and it has been studied that children participating in a high quality early care and education program do better on standardized tests in 3rd grade. This is investing in the future and again, the return on this investment will have long lasting effects both financial, and workforce.

The Prekindergarten Education Study Committee is a valuable component in that in addition to Head Start providing Universal Pre K for up to 30 Head Start children in our child care center, Ready, Set, Grow also provides Universal Prekindergarten for 28 children of families that are not eligible for Head Start, are eligible but there are no available slots or prefer to access our Ready, Set, Grow program. From Ready, Set, Grow's perspective Universal Prek offered in child care settings meets the needs of working families

that require full day care between the hours of 6:30 am to 5:30 pm. I was pleased to see this changed in the bill to a study to determine what is the best path forward to support children and families. Also, I would like to share that I would be very interested in taking part in the committee if a provider voice from the NEK is an option.

Another positive is the Provider Compensation and Total Cost of Care component which would help to guide well informed decision making to support covering the true total cost of care. It is vitally important that we are taking the time to fully investigate and explore what a tiered professional pay scale should and could look like to childcares accessing CCFAP.

When it comes to the Noncitizen Child Care Assistance Program – one might think that the NEK is not an area that would be impacted by this move to allow access to CCFAP without citizenship status. However, we do have a Ukrainian population in Derby and the time lapse for documents to be fully vetted and processed through the state can impede access to many supports provided by the State. Recently, I had a conversation with my dental hygienist whose daughter is married to a young man from Mexico who has asylum papers but the process for final approval and processing of his papers is time intensive and the path slow. This family has not been able to access childcare because of not being able to access CCFAP and as such the grandmother of the mom quit her job to care for the child. This child has limited social interaction with peers as a result of being at home with a grandparent and is missing out on important educational opportunities during the most critical time of brain development.

When it comes to a Child Care System Governance – we believe strongly that having elevated leadership in the Agency of Human Services and the Agency of Education is crucial to ensure that those who deeply understand early childhood education are vital in the decision making process at the State level in all areas that impact early childhood.

In summary, this is a really, really BIG bill and there are a lot of components to it. With the most important being those that directly and swiftly impact those who are in need of accessing child care

services and those who provide child care services. Without these foundational stabilization and sustainability measures no other measures can be successful in achieving larger and other long term goals without building off a solid, sustainable child care business system.

I applaud the work from last year with H. 171 and S.56 now moves it to the next level.

When asked what is important to me and my organization I point people to look at our budgets – we put our financial resources to that which is most important in achieving our mission of inspiring and empowering learners birth and beyond and our vision for of a community of lifelong learners achieving their full potential. The State is now showing through action what is truly important to the State for children and families.

Thank you for this opportunity to present to you today. I will now take any questions you may have.