

Testimony of Elliot Haspel to the Vermont Senate Health and Welfare Committee

Feb. 10th, 2023

Chair Lyons and Respected Committee Members,

Thank you for the opportunity to speak with you today. My name is Elliot Haspel, I am a nationally-recognized expert on child care policy and author of the book *Crawling Behind: America's Childcare Crisis and How to Fix It*, as well as the Director of Climate & Young Children at the think tank Capita.

I am particularly excited to testify before you this morning because I have been following Vermont's efforts to build an effective, high-quality, affordable child care system for many years. Vermont has long been in the vanguard of child care efforts, as one of the first states to set an affordability target and one of the first states willing to put hard numbers behind what it would take to get there. Progress has happened under different political administrations. Truly, the Green Mountain State has much to teach the nation when it comes to child care policy.

My main messages for you today begin with the fact I appreciate the work that has gone into crafting S.56 and all that came before it. I want to relay that research shows that in order to accomplish your laudable vision, it is critical to expand subsidy eligibility to be universal or near-universal and to have a mixed-delivery preschool system: The absence of these policy elements will not so much have unintended negative consequences as have predictable negative consequences that hurt the very people you are trying to help.

Let me begin by reiterating why child care in the United States is so badly broken -- why it works for no one involved. Child care is, and should be, an exceptionally expensive human service to provide. Low child-to-adult ratios are necessary to ensure both safety and enriching interactions. I taught 4th grade in a public school for a few years. I frequently had as many as 30 children in my class -- and while that was surely too large of a class, it was allowed. In Vermont, the maximum ratio for two-year-old classes is one adult for five children, and no more than ten children in a classroom. Yet despite the cost pressures on child care, Vermont spends nearly \$20,000 per K-12 child, versus less than \$4,000 per child aged birth to five.¹ You see the challenge.

This is, of course, the answer to the vexing question of why parents pay so much yet early educators are paid so little. Even though parents may be charged \$10,000 or more a year, programs are taking a loss compared to what they should be charging -- especially for infants and toddlers, where the ratios are lowest. The only way providers can keep the lights on is by cutting educator wages.

You are no doubt aware by now of how the lack of an effective child care system has deep economic consequences. I would add that the consequences go beyond dollars and cents and

¹ Calculation from RAND report of \$109 million in state & federal child care funding against 29,000 children below school-age.

into core questions of values and freedom. Far too many parents today are forced to make choices about their work-care situations not around what is best for their families, but due to the availability and affordability of child care. Far too many parents today are forced to make choices about how many children to have, not due to preference but due to the availability and affordability of child care. Far too many parents today are forced to make choices about where to live and whether they can invest in their community, not due to desire but due to the availability and affordability of child care.

This is not hyperbole. I was struck by an article I came across last October from the Valley News entitled, "Lack of child care forces out families."² It reported that in the small town of Woodstock, Vermont, the Woodstock Economic Development Commission had found that 27 families with young children could not find child care and "six of those families were moving away because of the issue." In a town with a population of 3,000, that is six vital family trees uprooted.

So how can you best structure your child care system to ensure it is family-focused, child-centered, pluralistic, high-quality, and respects the hard-working professionals who show up every day?

First, it is important to understand the specific mechanisms by which using subsidy assistance to fund a child care system actually work. The Boolean proposition is this: IF the subsidy amount is set high enough, AND IF enough families are enrolled in the subsidy program, THEN enough money will flow to enough child care programs to allow them to raise wages and sustain quality while remaining affordable.

Let's take each of those three elements in order.

IF the subsidy amount is set high enough: here, S.56 meets the mark by requiring establishment of a cost-of-care reimbursement rate, as opposed to the current inadequate, artificially depressed market rate surveys. This is consensus best practice that has been adopted by New Mexico and Virginia, and is under active consideration in several other states.

Next, IF enough families are enrolled in the subsidy program: in any given child care program, there is going to be a mix of parental income levels. In order to get enough funding to meet S.56's educator compensation scales, programs will require nearly 100% of their families to be paying the new, higher cost-of-care rate. S.56 expands family eligibility to 450%, which is a good start. However, having a subsidy cliff at 450% of the federal poverty line means that many programs will end up with some subsidy families and some non-subsidy families, given that around 20% of Vermont's young children live in families above 500% of the poverty line. What does that mean in practice?

Consider the final clause: THEN, enough money will flow to enough child care programs to

² <https://www.vnews.com/Woodstock-committee-aims-to-increase-access-to-child-care-47194876>

allow them to raise wages and sustain quality while remaining affordable. In programs that serve those families over 450% of the federal poverty line, who are not eligible for subsidy, those families will struggle to pay the true cost of care. Programs will then face a difficult choice because they do not have enough money flowing in. Either they will have to massively raise the rate for all non-subsidized families to put them equal with the cost-of-quality rate -- per the RAND report, up to \$30,000 or more per-child in toddler classrooms -- or they will have to find a way to reduce costs to make up for the shortfall. That could look like cutting quality corners or trying to hire less-experienced staff who do not require higher wages. None of these options are particularly palatable, nor do they produce the outcomes for children that we're all working toward

The solution is simple: extend subsidy eligibility to be universal or as close to universal as practicable. This is, after all, how we handle public schools: they are free for everyone, even the richest households, but those households are taxed at a higher rate to compensate. This spreads the burden among all taxpayers for a service that benefits all of society and all taxpayers, as opposed to concentrating exceptionally high child care bills on a smaller pool of middle-income and upper-income families.

Second, I want to reiterate many of my colleagues and other national experts about how dangerous it is to pursue a public school-only pre-K system. There are a few reasons for this. As you have heard, pulling four-year-olds out of child care programs is devastating to those programs' budgets. Thinking back to my point earlier about ratios, preschool-age classrooms have the highest allowable ratios, and so the per-child cost is lowest. We have empirical evidence from many states and cities of how this approach reduces the overall supply of child care.

Moreover, providing pre-K on a school-day, school-year calendar is not what most parents need. Most working parents require many more hours and days of care, and unlike elementary school children, it is not so easy to send a four-year-old to an after-school program or to a neighbor's house. So some kind of child care will still be needed to provide part-time care to those same pre-K children outside of school hours, but there will be fewer programs left to answer the call.

I would submit more philosophically that school-only pre-K reinforces an artificial division between child care and pre-K. Pre-K, is, in the end, also a form of child care. It is all better termed as early care and education. This division has historical roots. If I may quote myself from an article I have written on this topic³:

As historian Sonya Michel has explained, the earliest child cares were known as day nurseries, and they were founded in the late 19th century as a reluctant charity for women who were forced to work due to widowhood or divorce. They were poorly funded, poorly maintained and horrifically overcrowded — one adult could be responsible for 25

³ <https://hechingerreport.org/opinion-child-care-is-just-as-important-as-preschool/>

to 35 children under the age of 5! These programs were forced to be truly little more than holding pens.

In contrast, Michel writes, the leaders of the forerunners to preschool programs — known as nursery schools — “took pains to differentiate their institutions from day nurseries. They feared that association with these ‘custodial’ institutions would not only discourage the middle-class clientele they were hoping to attract but would also cast suspicion on the lofty educational benefits nursery schools purported to offer.” From the very start, Michel says, child care was treated as preschool’s “poor cousin.”

While child care has come very far since those days and we now know that high-quality early care and education can be delivered in any setting so long as there is adequate support for the professionals involved, the disrespect for child care remains. I call this dangerous because splitting child care and pre-K works against the goal of a comprehensive birth-to-five early care and education system. And in the end, that is the system needed to support the diversity of families’ needs, and support families to flourish -- and flourishing families do more to improve child development, school readiness, and overall well-being than any specific program.

So as Vermont continues to lead the nation on early childhood issues, I implore you to consider revisions to S.56 which would ensure universal coverage for child care subsidy – or as close to universal as you can get - and ensure a fully mixed-delivery pre-K system where families have equal access to whichever pre-K setting best meets their needs. Doing so will continue making your state a beacon that brightens the future not only for Vermont’s children and families, but for the entire nation. Thank you very much for your time, and I would be happy to take questions.