



Testimony to Advisory Council on Child Poverty and Strengthening Families

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The Permanent Fund

In 2015, the Permanent Fund for Vermont's Children identified a leverage point for long-term, transformational change in Vermont. It starts with unlocking the biggest potential within our small state and smallest citizens: Our children. The Permanent Fund's mission is to ensure that every child from birth to five in Vermont has access to high-quality, affordable child care by 2025. This will require the formation of a sustainable early childhood system.

High-quality child care is an effective anti-poverty tool – many national research studies have demonstrated the link between high-quality early experiences and positive outcomes for children and their families who are at risk of or living in poverty. High-quality care has been demonstrated to be an effective multigenerational intervention that promotes protective factors and family resilience and helps to mitigate the impacts of adverse childhood and family experiences.

Stalled at the Start – the child care shortage

Unfortunately, far too many Vermont children don't have access to high-quality child care.

As most of you know, our Stalled at the Start report on the supply of and demand for child care indicates that:

- 51% of infants and toddlers likely to need care do not have access to regulated child care programs; and
- 77% of infants and toddlers likely to need care do not have access to high-quality programs.

County-level analysis shows that this is a problem all around the state, in urban, suburban and rural settings. And where families can find care, the cost is too often out of reach, while child care providers also struggle to make ends meet.

Our work is to partner with the State, with non-profit partners, with parents, child care providers and community members around Vermont—and with all of you in the State House—to create a lasting solution to this problem.

Make Way for Kids

We at the Permanent Fund, in addition to advocating for state policy changes and investment to support the system, have seen a great opportunity to leverage our philanthropic resources to work on the shortage of child care slots.

- Vermont Birth to Five this year has awarded \$428,000 in grants and coaching to 29 child care programs spread over 12 Vermont counties through the Make Way for Kids project. Vermont Birth to Five (VB5) is working to expand the capacity and quality of Vermont child care programs.
- Statewide, those projects will result in the creation of 363 new child care spaces and 429 existing spaces achieving the highest quality recognition levels of 4 or 5 stars from the STep Ahead Recognition System (STARS), Vermont's quality recognition and improvement system for early care and learning programs. This is a total of 792 additional high-quality slots for young children. All 2018 projects are expected to be complete by the spring of 2019.
- This week we'll be announcing a new round of funding: over \$400,000 for 2019 to address the critical shortage of high-quality child care across Vermont.

CCFAP

We're making some headway in our severe child care shortage, but care remains unaffordable for many families.

CCFAP is a critically important program to help families access high-quality care, but the program has been underfunded for so long that families still struggle to find and afford care. Reimbursement rates paid to providers on behalf of families are still well behind current market rates. Providers also struggle to provide high-quality programs and still make ends meet.

The small levels of additional funding for CCFAP each year have helped, including this year's federal increase of just under \$3 million. It has allowed the state to bring child care reimbursement rates for infants and toddlers in line with 2015 market rates, but we've still got a long way to go. Preschool and after-school reimbursement rates are still aligned with market rates charged by providers as far back as 2008. The 2017 market rate survey reflects that the cost of providing quality care continues to increase.

The state must fully fund CCFAP to make it work for all families. We should also expand eligibility as recommended by the Blue Ribbon Commission on Financing High-Quality, Affordable Child Care to eliminate "cliffs" in the program and keep working families out of poverty.

We also need to invest in the early care and learning workforce so providers have the credentials they need and are paid more than poverty-level wages; the average child care worker in Vermont earns a median annual salary of \$26,440, often without benefits.

This issue is urgent, and we have a deadline. We're dedicating significant philanthropic resources to this issue, but we go away in 2025. We are eager to partner with you all to make lasting change for Vermont kids now and into the future.