



Tuesday, February 28, 2017

To: House Committee on Appropriations
From: Jen Horwitz, Policy & Research Director, Let's Grow Kids

Testimony on Vermont's Child Care Financial Assistance Program

My name is Jen Horwitz, and I am the Policy & Research Director for Let's Grow Kids. Thank you very much for allowing me to speak with you today regarding Vermont's Child Care Financial Assistance Program. The Child Care Financial Assistance Program provides child care tuition assistance to families that meet certain work, education, income and/or health criteria and children in foster care.

Let's Grow Kids is committed to ensuring that all children, birth to five, have access to high-quality, affordable early care and learning programs, and we appreciate this committee's inclusion last year of a \$1 million funding increase for Vermont's Child Care Financial Assistance Program. However, due to chronic underfunding, the program still faces a significant funding gap that negatively impacts Vermont's families and early care and learning providers.

Recently, the Blue Ribbon Commission on Financing High Quality, Affordable Child Care recommended that the state begin to make immediate, incremental investments totaling \$43.5 million in Vermont's Child Care Financial Assistance Program to address the gap between tuition assistance rates and current rates charged by providers, expand eligibility, and increase the tuition assistance benefit for many families. For State Fiscal Year 2018, Let's Grow Kids, in coalition with the Vermont Association for Child Care Resource and Referral Agencies, the Vermont Association for the Education of Young Children, the Vermont Child Care Providers Association, and members of the Vermont Early Childhood Alliance are requesting a funding increase of \$9.5 million for the program based on the most critical components of the Blue Ribbon Commission's recommendations.

One of the most important components of the Blue Ribbon Commission's recommendations addresses the current gap between how much the Child Care Financial Assistance Program pays early care and learning providers (the program's tuition assistance rate) and how much providers currently charge for their programming. Due to chronic underfunding, the state's tuition assistance rates are currently based on how much early care and learning providers were charging for their programs in 2008 and 2009 – meaning the Child Care Financial Assistance Program rates are more than 8 years out of date.

Many early care and learning providers cannot afford to lose the difference between the Child Care Financial Assistance Program's tuition assistance rates and their actual tuition rates. This means that they are forced to make a difficult decision – do they ask families who are already financially struggling to cover the gap or do they take a financial loss for children receiving tuition assistance.

In addition to needing to address the gap between the program's tuition assistance rates and current rates charged by early care and learning providers, the program's income eligibility needs to be adjusted from the 2016 federal poverty guidelines to current, 2017, federal poverty guidelines.

While the Governor's proposal to increase funding for Vermont's Child Care Financial Assistance Program by \$7.5 million is a significant step forward, a funding increase of approximately \$9.5 million is needed to ensure that Vermont's children are able to access quality child care.

Thank you very much for your time and consideration of this critical issue.