



Date: Friday, April 20, 2018

To: House Education Committee

From: Andrew Sambrook, Owner, Annette's Preschool and The Clubhouse

### **Testimony on Proposed Changes to Vermont's Universal, Publicly-Funded Pre-K Program (Act 166)**

Good Morning! My name is Andrew Sambrook. I appreciate the opportunity to provide some testimony around the current legislative changes for Act 166 being considered in amendments to Section 829 as contained in Draft 13.1 S.257

My wife Andrea and I own and operate a private early childhood program in Hinesburg. We have 23 staff and serve over 100 families with quality early care and education for children ages 6 weeks through 8 years of age.

I would like to provide input relating to the proposed changes as a owner of a private provider of childcare services. My testimony of necessity, comes from an economic and market focused approach, since we support our family and 23 other employee families by the financial sustainability of our programs. We also are proud to provide quality childcare services for 100 young families which enables those families to play a part in Vermont's economy. Act 166 is a significant driver of our programs and it is important that this is operating efficiently.

The key success of Act 166 was its balanced approach. It used public monies to support pre-K through both a private and public partnerships so together we can better serve Vermont preK children. It included mechanisms by which private and public partners could both be sustainable. It was built to sustain a mixed preK delivery model.

The latest proposals by this Committee suggest much that would undermine that balanced public/private approach<sup>1</sup>. What can start with the very best intentions can have ripple effects that disrupt and already fragile childcare landscape. It provides ADM windfalls for public school providers thereby encouraging pre-K provisioning by the most expensive provider, may actually reduce the number of infant/toddler slots, further tightens an already critical short supply of early education professional and creates economic dysfunctions that will impact families as they make choices where to live or where to work. Most importantly it may diminish the attractiveness of Vermont to young families.

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<sup>1</sup> It's been increasingly confusing over the last year for providers, as the various Senate and House iterations have been revised, as to how an AOE/AHS review of Act 166 ended up in this current draft. By general consensus, Act 166 was, at its heart quite successful. It did what it said it would do on the tin- provide a Universal 10 hours of quality pre-K for 3,4 and 5 year olds for 35 hours a week. By all accounts it did this for at least 1000 more of Vermont's PreK children. But it wasn't perfect. The key challenges to Act166 identified by the AOE/AHC review were a confused administrative line of authority, an inconsistent and at times tiresome burden on both school districts and community partners caused by a lack of centralization of process and contracts. Complaints we also made of a general lack of transparency as to where the pre-K funds were being spent.

Here's a summary of my personal perspective. I would like to make 7 summary points.

1. The current Committee version does nothing to simplify the administrative burden to/from providers and essentially retains many of the problems that the AOE/AHS review sought to relieve through their proposed centralization of the "back office" and which was implicit in the Senate version.
2. It separates what is meant by "quality" in prequalified private versus public programs. Private programs are required to have a (3)/4 or 5STAR rating – public programs no longer do. This has implications for parent transparency which the STAR system was meant in part to alleviate<sup>2</sup>.
3. Through an increased ADM, the House version provides an expensive and taxpayer funded incentive to School Districts to broaden Pre-K programs without any needs assessment or considering the impact on the existing community programs that are in place in any district. There is no such encouragement for private providers to provide pre-K slots or indeed to "free up" infant/toddler slots. On its own, wishing for a particular outcome does not make it so. Programs will not shift from preschool to infant/toddler provisioning without a substantial change in the economics of the landscape.<sup>3</sup>
4. It increases School District budgets and consequently property taxes by encouraging the provision of pre-K into higher cost public schools. Public schools are not a low cost alternative to preK<sup>4</sup>. The average cost of a child in a Vermont public school is \$26744/year<sup>5</sup>. I do not understand how the current high cost of childcare will be mitigated by its increased provision by the highest cost provider albeit through funded by increased property taxes<sup>6</sup>.
5. The asymmetric benefit given to public schools in this version through the ADM creates an uneven playing field for private and public preK providers, making them competitors rather than co-operators. I see no suggestion by the committee of a similar provision of funds or a mechanism to subsidize or encourage private programs to provide infant or toddler care.

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<sup>2</sup> The suggested changes create a bifurcated (two class) system which, on the one hand, allows and encourages the expansion of the provision of pre-K by school districts, eliminates the quality and licensing requirements for School Districts – in particular, STARS, class ratios, Director level credentialing

<sup>3</sup> Early-care rooms and equipment are not fungible between preschool and infant/toddler nor are the teachers. High quality (0-3) Infant-Toddler care requires unique professional training and knowledge of child development in a similar way that Preschool (4-5) differs from K-3.

<sup>4</sup> \$54.6M was spent by Vermont in pre-K education in 2015-16 (Source: Vermont AOE preliminary evaluation of Act166 – April 2017). There were 7326 preK students enrolled. At the time (2015-16) the Act 166 funding was \$3000/student. That means at \$3000/child, \$22.0M was spent on implementing Act 166 to provide 10 hours of quality preK to every 3,4, or 5 year old. Thus only 40% of the actual preK expenditure was spent supporting public preK directly. Further, If we assume that 60% of pre-K enrollment is in private programs, then \$13.2M of Act166 monies was paid by school districts to community partners as the \$3000/child tuition contribution. The balance of \$41.4M of PreK spending went to Public programs at a cost of  $(\$41.6M / (40\% \times 7326)) = \$14198/\text{pre-K enrolled child}$ . As explained this included "special services" and "administrative overhead". By School District figures, \$461/child went to administration. Current proposed legislation continues this inequity by specifically prohibiting private providers from charging an administration fee for the administrative burdens of public pre-K.

<sup>5</sup> The State of Preschool 2017 – National Institute for Early Education Research NIEER.org

<sup>6</sup> The proposals will likely further increase pre-K costs to parents through additional transportation costs since full-time working parents may need to travel among multiple programs to provide the typical 8 hour/260 day preK coverage. There is no requirement for public programs to provide "wrap around" care. It will certainly increase costs to parents who have multiple children requiring both infant care and pre-K care or will force them to choose between lower costs and their preferred program choice.

Economically, infants/toddler care will now need to stand alone and the tuition will become out of reach for most Vermont working families<sup>7</sup>. Without an adequate mix of pre-K and Infant/Toddler care, many centers or home providers will close<sup>8</sup>.

6. De-facto, the bill takes away the ability of public pre-K monies to travel across District lines at the choice of the parent. It reintroduces the discretion for Districts to keep public pre-K funds within a defined prekindergarten region. In addition, the ADM incentive for home school district enrollment creates a dysfunctional choice for parents. They will be forced to choose where they work versus an additional cost of childcare<sup>9</sup>. This will be particularly difficult for parents of both infants and pre-K children. Further, this version does nothing to provide for the portability of special services across district lines. This fundamentally discriminates against families with children with special needs who are of necessity limited in their availability of public preK vouchers.<sup>10</sup>
7. Private providers will now not only compete for enrollments, public schools will have additional windfall funds in the form of 1.0 ADM to further attract early care professionals. This will create a huge barrier to recruitment for private programs not only for preK teachers but additional for Infant/Toddler teachers<sup>11</sup>. The average pre-K public school teacher in Vermont is paid \$52000<sup>12</sup>. The 2015 DOL reports the average annual salary in private programs was reported as \$23400 or \$11.25/hr. In our program we pay considerably more with our average early-care salary of over \$38000/year. This is still 30% lower than public schools.

Thank you for your time – Andrea and I are very proud of our programs. We are very proud of all our teachers who work in our program – who will not get rich in early-care, but who show tremendous dedication to their kids. We invite you to visit us in Hinesburg if you are in the neighborhood.

Andy & Andrea Sambrook

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<sup>7</sup> Well published studies of the economics of infant/toddler care suggest that the “true cost” of infant care is close to \$35000/year (Blue Ribbon Commission Report). Our program relies on the contribution of preK students to allow us to charge an “affordable” tuition of \$285/week to parents. Based on our current mix, I estimate that we have a **negative contribution** of \$1200 per infant/toddler per year.

<sup>8</sup> The economic cost of capital of public infrastructure is much lower and subsidized by the near monopoly status of K-12 education in Vermont. Inevitably private programs (who need to run at 80-90% capacity to be sustainable) will close.

<sup>9</sup> On average across VT, 42% of each Vermont county residents work outside of the county of their residence. In the largest 8 counties, 36% of the total working population work outside their county of residence. That means at least 1 in 3 families do not work in their school district. In Addison County about 25% of resident families actually work in Chittenden county.

<sup>10</sup> Previous analysis based on the Vermont Economic and Demographic Profile Series 2016, shows that on average 42% of each VT county residents work in a county outside their own. An estimated 1100 preK students have an IEP (16%). This suggest that 500+ pre-K children with an IEP do not for all intents and purposes enjoy Act166 portability.

<sup>11</sup> Our program (not atypical) has had TWO Infant/Toddler positions open for 6 months. We offered referral bonuses plus sign on bonuses plus attractive salary and yet still have had few candidates that we consider having the necessary background and the positions remain open.

<sup>12</sup> <http://education.vermont.gov/documents/data-teacher-staff-fte-report>

***Recommendations and Summary***

***We recommend that similar language to current s829(e)(2) is retained so that expansion is based on community needs rather than budgetary and ADM needs of a school district.***

***Retain the STARS quality rating requirement for all programs.***

***Cross-walk licensing guidelines applicable to private to those applicable to School District preK programs to provide transparency on safety/ratio/teacher credentials and Director/Principal level requirements.***

***Either take away the ADM incentive for public programs or provide similar economics for private programs so that transparency is improved and dysfunctional incentives are taken out of pre-K provisioning in a mixed model.***

***Support infant and toddler care through public funding in the same way as pre-K (act166) if that is the intent of the proposals.***