

Testimony

S40

Sonja Raymond 3/28/18

Hello, my name is Sonja Raymond and I am the owner of Apple Tree Learning Centers in Stowe and the Executive Director for the Vermont Association for the Education of Young Children. Thank you for the opportunity to speak with your committee today.

The business of Early Childhood Care and Education is unique to any other business in that we are a business providing a social service.

- The cost of providing our service falls directly on the backs of families
- Our business is needed by over 70% of Vermont families and there's a scarcity of regulated and high-quality care
- Even with our teachers earning an average of \$15.60 per hour-approximately half of what their public school counterparts are making (BA w/ 7 yrs experience) the cost of our service is generally between 13-40% of our families income depending on whether they have 1 or 2 children prior to Public Pre-k funding or state subsidy for low income families.

Our teachers are woefully underpaid, and I would love to pay them much more. I agree that they deserve to be paid a higher wage. However, in order to pay them more, I would need to raise tuition. To date, I have not raised tuition enough to pay significantly more as parents both low and middle income are already stretched beyond their means.

If the minimum wage is raised to \$15.00 per hour incrementally over the next 5 years without some kind of additional investments to offset the impacts in the early care and education system, the effects could be very difficult for families and providers.

- Families on state subsidy would have much larger co-pays (not what they can afford) if they even qualify for subsidy at all any longer.
- Families who have no tuition assistance would be priced out of the market and forced to make tough choices about choosing programs that are unregulated or lesser quality.
- Programs would be forced to close infant and toddler programs further adding to a severe shortage of care for that age group.
- Small centers and home providers with a large population of families receiving subsidy will be devastated as they generally "scholarship" these families further so they can afford the care.

Raising the minimum wage creates upward wage pressure for these stretched childcare businesses.

- We have a pay scale based on position held, years of experience, and credentials (much like a public school pay scale)
- At my program, our lowest paid assistants (those with little to no college credit) have to earn minimum wage. Therefore there is an upward pressure to all other steps in the pay scale. Based on my current staff of 21 and keeping all things equal, in order to pay a \$15 minimum wage, I would have to raise tuition \$8.84 per week per child for a full time slot. We have 95 children a day. This is a 3.5 % increase or an additional \$460.00 per year per child.

- This increase does not take into account any other increase that would have to happen due to other overhead increases (rent, insurance, etc). These average increases would mean an additional 2% increase bringing the annual increase needed to **5.5%**.

All of this is unsustainable and potentially very difficult for families and early childhood programs unless this bill includes language around offsetting the impact on families. Specifically, this would include language to increase the market rates of childcare payment assistance for families and to raise the eligibility guidelines to encompass families who sit on the edge of qualifying for assistance and are unable to afford childcare. The Senate bill includes this language, though it would not take effect without a state appropriation to offset the costs. I encourage this committee to pay close attention to appropriations in future years to be sure that those investments are made annually.

I realize that workforce issues are not within the purview of the S40 bill, but other levers can be pulled for the workforce: WAGES (wage enhancement program for those working in the field), TEACH Vermont (for those currently in the field needing to attain credentials and degrees), loan forgiveness programs (for those who attained degrees/licenses in the field and can not afford to work in the field and pay their loans), and following the plan outlined by the Blue Ribbon Commission on Financing High-Quality, Affordable Child Care.

I know this committee is dedicated to protecting Vermont workers, and I am happy to come back another day to discuss any of these other initiatives.

Thank you very much for your attention and consideration.