



Date: April 11, 2018

To: Senator Tim Ashe, President Pro Tempore
Senator Jane Kitchel, Chair, Senate Appropriations Committee
Senator Claire Ayer, Chair, Senate Health and Welfare Committee

From: Robyn Freedner-Maguire, Campaign Director, Let's Grow Kids

Outstanding Budget Needs Related to Early Childhood in Vermont

On behalf of Vermont's young children and their families, thank you for all your work for Vermonters and for your continued commitment to incremental, sustained increases in our state's investment in high-quality, affordable child care for all Vermont families who need it.

As the Appropriations Committee continues to identify priorities for investment in the FY19 state budget, we wanted to highlight the following outstanding needs that relate to early care and learning.

1. T.E.A.C.H. Early Childhood Vermont

We recognize that there has been significant discussion in the committee about the fact that this funding request relates to a project that was established using the federal Early Learning Challenge-Race to the Top grant. It is true that this federal funding was intended for one-time projects to build and improve the infrastructure that supports early childhood in the state. In many cases, this objective was achieved. The T.E.A.C.H. program is the one anomaly that now faces a small gap: The program launched and has been so successful in filling a critical need in the early care and learning system – namely, the severe shortage of licensed and credentialed early educators – that we believe the program should continue. The administrators of T.E.A.C.H. have developed a sustainable path forward for the program, but there is a six-month gap between the expiration of the current federal funding (December 31, 2018) and the future funding streams which take effect in the FY20 state fiscal year (July 1, 2019). To fill this gap, \$320,000 is needed to support the participants currently in the program so that they can complete their associates degrees and pre-K teacher licensure. This is a dire need to prevent further erosion of child care capacity in our state, and we strongly urge the committee to prioritize one-time funding for TEACH for FY19 to bridge the gap until future, sustainable funding becomes available.

2. Minimum wage and the benefits cliff

As you know, Let's Grow Kids and other early childhood advocates shared the Senate's concerns during the discussion of S.40 related to the impact of a minimum wage increase on families on the "benefits cliff," and the impact on the precarious budgets for child care providers who have little margin to pass on costs to the families they serve. We appreciate the language that was inserted into S.40 to address this concern. We remain concerned, however, that there is no named source of funding to accompany the language in the bill. The bill specifies that the Child Development Division (CDD) will increase payment on behalf families as the minimum wage increases, but only as

appropriations allow. We fear that without an accompanying appropriation, the Division's only options will be to create waiting lists for the program in order to increase benefits, or to let families "fall off the cliff," resulting in greater increases in child care costs than the increase in their wages. We hope any appropriation for this purpose would be in addition to the base budget in the Governor's proposed budget for CDD, not assumed to be part of the base.

3. Child Care Financial Assistance Program (CCFAP)

As you know, Vermont's Child Care Financial Assistance Program provides child care financial assistance to families that meet certain work, education, income and/or health criteria and children in foster care. Let's Grow Kids is working to ensure that all young children have access to high-quality, affordable care, and we appreciate your commitment to a funding increase for the CCFAP program last year through a new grant program. However, due to chronic underfunding, the program still faces a significant funding gap between how much the Child Care Financial Assistance Program reimburses child care providers and how much providers currently charge for their programming. These reimbursement rates are currently based on how much early care and learning providers were charging for their programs in 2008 and 2009 – meaning that some rates are now 10 years out of date. We request that the committee continue to make incremental progress to close this gap; \$9.2 million is needed to bring CCFAP reimbursement rates in line with 2015 market rates and an additional \$375,000 is needed to bring program eligibility guidelines in line with the most recent federal poverty guidelines (2018). The House-passed budget includes funding for the new federal poverty guidelines, but no additional funding for reimbursement rates.

We understand that the state is expecting an additional appropriation in the federal Child Care Development Block Grant (CCDBG), of approximately \$2.8 million. This federal increase presents an important opportunity to make significant progress on closing CCFAP's significant funding gap by bringing reimbursement rates closer to current child care market rates. The most significant need in terms of child care capacity in Vermont is in care for children ages birth to three, so special attention should be paid to that population. Increasing state funding for CCFAP, combined with the new federal increase, could help Vermont make a considerable step forward to close the program's funding gap.

Immediate investment in CCFAP is a critical first step in achieving equitable access to high-quality child care for every Vermont child, so that we as a state can continue to progress toward the goals outlined by the Blue Ribbon Commission on Financing High-Quality, Affordable Child Care. The Commission's report outlined \$43.5 million in immediate, short-term investments necessary to make high-quality child care more affordable for Vermont families. Bringing reimbursement rates up to a more recent market rate is an important step toward this goal.

4. Understanding the child care needs and preferences of Vermont families

The Vermont Child Development Division (CDD), in partnership with Vermont's early childhood public-private partnership and advisor, Building Bright Futures, has the opportunity to work with NORC at the University of Chicago, an objective, non-partisan research institute that conducts rigorous research and analysis to inform public policy, to better understand the child care needs and preferences of Vermont families.

Since 2007, NORC has led the National Survey of Early Care and Education, a study sponsored by the federal Administration for Children and Families, to better understand families' needs and preferences for early care and education, providers' offerings and constraints, and how well the family and provider needs match in communities.

The Child Development Division has identified funding from philanthropic and other sources, but requires \$125,000 in support from the FY19 state budget. With this funding, CDD will work with NORC to modify components of the national study to better understand how Vermont families use different types of child care and early education, what payment arrangements they might have for that care, and some of their constraints and preferences related to child care and early learning options. The findings of this study can provide guidance for the state and its partners to address current challenges and plan for future system changes to best meet the needs of Vermont families.

Conclusion

Thank you for your consideration of these important issues and for your continued commitment to incremental, sustained increases in our state's investment in high-quality, affordable child care for all Vermont families who need it.