



Date: Tuesday, February 14, 2017

From: Lisa Ventriss, President, Vermont Business Roundtable
Tom MacLeay, Treasurer, Board of Directors, Permanent Fund for Vermont's Children

To: Senate Committee on Economic Development, Housing, & General Affairs

Testimony on *Vermont's Early Care & Learning Dividend*

Lisa Ventriss:

Thank you very much for speaking with us today, I'm Lisa Ventriss, President of the Vermont Business Roundtable, and I'm joined by my colleague, Tom MacLeay, who is a member of the Board of Directors for the Permanent Fund for Vermont's Children, in addition to his other roles in the Vermont business community.

Tom and I are here today to share highlights from a new report released by the Roundtable last week in collaboration with the Permanent Fund and Vermont Businesses for Social Responsibility (VBSR) on the economic benefits Vermont's children, communities, and economy stand to gain by increasing investments in high-quality, affordable early care and learning programs.

The Vermont Business Roundtable is a nonprofit, nonpartisan organization of CEOs from Vermont's top private and nonprofit employers, representing geographic diversity and all major sectors of the Vermont economy, and employing more than 10 percent of the state's workforce. The Roundtable is committed to sustaining a sound economy and preserving Vermont's unique quality of life by studying and making recommendations on significant statewide public policy issues affecting all Vermonters. One of these issues is the important role that high-quality, affordable early care and learning programs play in the success of Vermont's economy.

Decades of economic research have demonstrated that investments in early childhood care and learning programs yield strong returns. Studies have found that investing in high-quality early care and learning programs is a more cost effective approach to reducing future costs to the state than later interventions such as job training or criminal justice system rehabilitation programs.

Research has shown that children who attend high-quality early care and learning programs require fewer special education services, repeat grades less often, have fewer behavioral problems in school, and graduate at a higher rate than other students.

As juveniles and adults, they are less likely to have involvement in the criminal justice system. And as adults, they are more likely to be employed, earn higher incomes, and contribute more in taxes. However, much of this research has focused on specific populations or national-level findings.

In collaboration with the Permanent Fund and VBSR, the Roundtable's Research & Education Foundation identified the need to better understand the economics behind recommendations to increase public investment in Vermont's early care and learning system. We wanted to

understand how these investments would impact Vermont's economy, both in the short-term and in the long-term.

To achieve this goal, the Roundtable worked with Wilder Research, a nationally-recognized leader in early childhood econometric analysis, to conduct a Vermont-specific study and report.

Wilder's research is based on Vermont-specific data and the recent recommendations of Vermont's Blue Ribbon Commission on Financing High Quality, Affordable Child Care. The Blue Ribbon Commission found that after accounting for parent contributions and current public funding, the state would need to increase investments in Vermont's early care and learning system by \$206 million to achieve an equitable, affordable, and high-quality early care and learning system that met the needs of children birth to five who have all available parents in the labor force.

Our report, *Vermont's Early Care and Learning Dividend*, examines the economic benefits that would be generated if the state made this level of investment in Vermont's early care and learning system.

I'd now like to turn this conversation over to Tom to walk you through the findings of the study.

Tom MacLeay:

Thank you, Lisa. As Lisa shared earlier, I'm Tom MacLeay and I currently serve on the Board of Directors for the Permanent Fund for Vermont's Children, and it was my pleasure to serve on the report's advisory group on behalf of the Permanent Fund.

As Lisa noted, this report is a Vermont-specific analysis of the economic benefits Vermont stands to gain by increasing public investment in our early care and learning system, per the recommendations of the Blue Ribbon Commission on Financing High-Quality, Affordable Child Care.

The report found that enacting the Blue Ribbon Commission's vision of a high-quality, affordable early care and learning system for children birth to five who are likely to need care would yield a return of \$3.08 for every dollar invested. This is a significant finding, as many national studies that demonstrate high returns have focused on programs serving specific child populations, such as high-needs or high-risk children, while this report utilizes a more holistic approach based on providing high-quality, affordable early care and learning programs to Vermont's youngest children and their families as a whole, rather than focusing on a specific population.

This return on investment can be realized in the short-term and continues over the course of a child's lifetime. For our current cohort of children birth to five, Vermont would accrue approximately \$22 million in net benefits each year over the next 60 years, totaling \$1.3 billion, if it were to act on the recommendations of the Blue Ribbon Commission.

In the short-term, these economic benefits come from increased parent participation in the workforce, increased supply and stability of the workforce for businesses, and decreased spending on special education services for children as they move from high-quality early care and learning programs into the public school system.

Longer-term, these benefits include reduced spending in our education and criminal justice systems, reduced Medicaid and other healthcare expenditures, and increased tax revenue both from children's families and from the children themselves in their adult years.

As a former CEO for one of Vermont's largest employers, I understand the economic consequences of our state's shortage of high-quality, affordable child care. As our working-age population continues to decline, Vermont businesses struggle to attract and retain skilled workers because parents can't find child care. By increasing investments in our state's early care and learning system, Vermont children, their families, our businesses, and our economy stand to gain significant economic benefits.

I encourage you to read through the report in more detail, and Lisa and I would be happy to answer any questions you may have about the importance of supporting our state's early care and learning system to foster a strong economic environment for our businesses or on the report itself.