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“Early Childhood Care, Education and Workforce”
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Good morning. My name is Grace Reef and I am the President of the Early Learning Policy Group. I’ve had the pleasure of teaming up with Cindy Cisneros at the Committee for Economic Development (CED) for six years working in a number of states.

We all know that child care is hard for parents to find, hard for parents to afford, and in too many communities, the supply falls far short of meeting the needs of families. There are really several different issues related to the supply of child care and labor force participation and no single solution solves it all. What we know is that working parents, particularly with young children, need child care. And, that employers depend on working parents.

First, we know that there is a relationship between the availability of child care and labor force participation. Numerous studies and surveys have shown that mothers drop out of the workforce, look for part-time employment, or reduce their hours based on challenges with child care. These challenges are related to cost, location, parent preference (e.g., home-based care or center-based care, near home or near work), the hours that the available care operates (e.g., some parents need nontraditional hour care, which tends to be scarce), and of course, the general supply of care.

Second, the supply of child care is not an easy challenge to fix. Child care is a business. Whether it is home-based or center-based, it’s still a business. Centers tend to operate in areas where the economics of operating a business will work – sufficient families with young children who can also afford the fees necessary to hire and retain staff to work in a center. And, also – a child care workforce that is willing to work for the wages that can be offered, which are typically low since the operating budget of a child care center is largely based on parent fees. In a good economy, with low unemployment, the low wages typically earned by child care staff – the average in Vermont is about \$14.15 per hour, the median is about \$13.27 per hour. That’s above the minimum wage, but likely below what can be earned in other jobs in a good economy – with less education or training needed.

Home-based care is on the decline throughout the country – higher in Vermont as Cindy mentioned.

What can be done? That’s the question of the day.

First, with regard to affordability, current funding falls short of meeting the need of those families who qualify for assistance. In Vermont, about 24% of eligible children receive assistance. With the current average price of child care, it is very difficult for low income families to access the private market without help.

Beyond affordability, there’s the challenge of the supply of child care.

It is a question of funding, but it is also a question of how current funding is spent. In Vermont, two state agencies and within them multiple divisions administer federal funds for child care and early learning settings. The Department of Children and Families administers child care funding, special education funding for infants and toddlers, Temporary Assistance for Needy Families (TANF), and houses the Head Start Collaboration office. The Education Department administers preschool funding for children with disabilities, State pre-k, and a federal food program that helps ensure low income children in child care have nutritious meals and snacks. It is important to look across agencies, across divisions, and across federal funding sources to ensure that there is coordination, collaboration, and strategic targeting.

For example, federal TANF funds that Vermont chooses to use for child care exceed the amount of federal funding that the state receives through the federal Child Care and Development Block Grant. In FY2019, Vermont received about \$12.8 million in federal funds for child care. In comparison, the state used about \$20.6 million from TANF for child care. Because the federal government does not have reporting requirements related to TANF funds used for child care, from state to state, it is not always possible to see how the funding is used. For example, the amount spent is known- over \$20 million in VT, but not the number of children who receive assistance, their ages, the settings they are in, the communities they're from, or the average payments made. For strategic targeting, the information from the division that administers TANF is critical to any strategic targeting by the division that administers child care funding.

Also, of importance in thinking about the supply of child care is the impact of public pre-k. It's great that Vermont has a preschool program that serves 3, 4, and 5 year old children who are not yet in kindergarten. And, that the program is a mixed delivery model, which means that the children enrolled in pre-k may attend pre-k in their child care program. I mention this only because when you think about developing supply strategies, it's important to understand where the children are. If they are in preschool in an elementary school, they may not need an additional local child care option. On the other-hand, while I know 10 hours per week is the minimum for pre-k, I don't know how many programs might exceed 10 hours. But, the answer to that, could impact the child care supply that is needed.

Therefore, understanding the needs of families, where current children are, and what gaps may exist, is complicated. But, worth reviewing to determine where supply strategies are needed most.

Second, in thinking about supply gaps, child care is a business. Child care centers may not be an economically viable option in some communities. In some states, there are hub models, which means that there is a hub of services typically provided by a nonprofit that help home-based providers operate a better business model and offer training and support to improve the quality of care. Compensation strategies could be developed to help incent home-based providers to either stay in the field or enter the field. In some states, we are working on a refundable tax credit model that incents professional development and provides a tiered compensation strategy that acts as a wage supplement. This can work with either center-based staff, home-based staff or both. The idea is to better pay those who work in child care based on achieved competencies – such as a Child Development Associate Credential, Infant Toddler Credential or Associates Degree in early childhood education.

Third, there is a great need for business technical assistance. Business TA can be offered a number of different ways – through shared services models and through onsite TA. There are 30 states including VT that currently operate shared services projects related to child care. These models blend online resources such as business templates and other support materials that can be immediately used to support better business practices. Most shared services projects also involve discounts on frequently purchased items which are also available through the online platform. There is an online family child care toolkit, which I like to call child care in a box, because it's that simple. Local alliances can be formed or expanded to better support child care programs both in their business practices and to improve quality.

Expanding the supply of child care and promoting affordability are economic development strategies. They help support the needs of children, parents, employers and communities. Thank you for your time today. I'm glad to answer any questions.