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To: Senate Committee on Health & Welfare

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Testimony on H.531

Overview

Thank you for the opportunity to be here today to discuss H.531 and the important role that Vermont's early care and learning system plays in the lives of Vermont children and families, our communities, and our economy.

H. 531 represents an important moment for Vermont's early care and learning system and we are grateful for the hard work of this committee, the House, and the administration to begin to address our state's child care challenges. Research has shown that high-quality early care and learning programs support healthy child development, can be an effective multigenerational intervention that helps to mitigate the impacts of adverse childhood and family experiences, including poverty, and supports the success of employers and a state's economy.[1, 2]

Let's Grow Kids supports the core components of H.531 and believes that with small modifications, the bill will be a critical step forward for our state's early care and learning system.

Vermont's Child Care Crisis

As Janet McLaughlin, our interim CEO and Chief Programs Officer discussed with you in February, Vermont faces a child care crisis. It is hard to find, hard to afford, and this crisis has far reaching impacts on our state's economy.

As is evident in Nina's story, the impact of decades of underinvestment in CCFAP has resulted in families living on the edge of poverty who receive support that doesn't come close to covering the cost of care. Even with financial assistance, some lower-income families with two young children are spending more than 40% of their income on child care.

The affordability issue also extends to Vermont's early educators – the heart of our early care and learning system. The median wage for a Vermont child care worker is $26,440—less than Vermont's livable wage.[3,4] National research has also found that college graduates who earn bachelors' degrees in early education earn the least of any college degree, including the least of any education-related degree.[5] It's hard to raise a family on a low-paying job, which can make it really hard for qualified early educators to stay in the early care and learning field, especially when balancing repaying student loans on top of other basic expenses. This means that it can be hard to attract and retain qualified early educators. This shortage further exacerbates the lack of access to quality child care.

These challenges have a real impact on our economy. A recent, national survey found that 63% of parents said the cost of child care had influenced their career decisions.[6] For parents who can't afford or find care, this can have lasting economic impacts on their family and our economy as a whole. A working mother earning Vermont's median income of $56,990 would face a projected loss of $610,050 if she had or adopted a child at age 35 and remained out of the workforce for 5 years, until the child could enroll in Kindergarten. This figure represents the value of lost wages, lost wage growth over the woman's career trajectory, and lost retirement asset growth.[7] Again, Nina's story is representative of so many parents who – due to lack of affordable child care – are struggling to save for their own retirement or to invest in savings for higher education for their children.

These challenges are not sustainable for families or early educators, and it is not acceptable for our children. Vermont-specific research has shown that if we can address these challenges, Vermont children, families, and our economy will see significant gains. In fact, a study commissioned by the Vermont Business Roundtable found that the state would receive a return of over $3 for every additional dollar invested in developing a high-quality early care and learning system in our state.[8]

As the committee has been discussing, far too many children and families in our state do not have access to any regulated child care or early learning programs, let alone high-quality programs. Every two years, Let's Grow Kids, in partnership with Vermont's Child Development Division, Building Bright Futures, the Vermont Association for the Education of Young Children, and the Vermont Child Care Providers Association, releases an analysis of the supply of and demand for child care in our state. Our last analysis, released in February of 2018, found that:

- 51% of infants and toddlers likely to need child care do not have access to regulated child care programs; and
- 77% of infants and toddlers likely to need care do not have access to high-quality, regulated programs.

And in some counties, more than 90% of infants and toddlers likely to need care do not have access to high-quality, regulated child care programs. This is a significant challenge for families, and for employers. As you heard from Nina, the lack of access to child care, which is especially acute for infant care, can be a major disruptor, setting back a parent's ability to work and undermining a family's attempts to achieve financial stability.

Solutions

Recognizing that capacity is an issue impacting communities throughout our state, Let's Grow Kids has launched a new program called Make Way for Kids, which provides grant funding and technical assistance to early care and learning programs to increase the number of high-quality infant, toddler, and preschool slots available in our state. Let's Grow Kids estimates that the Make Way for Kids program began to impact child care capacity in Summer 2018. In September, licensed capacity among early care and learning programs began to edge back up. In 2018 and 2019 combined, Let's Grow Kids is investing $1.7M to help create 1,300 additional high-quality child care spaces for Vermont's children. **We are hoping to start turning the curve on our capacity crisis, but philanthropic organizations can't solve this problem on our own. We need systemic solutions.**

H.531 begins to take some important first steps in making these systemic investments. Let's Grow Kids fully supports the core components of H.531 including:

- **Updating CCFAP income eligibility guidelines** to align them with 2019 federal poverty guidelines and ensuring these income guidelines are updated in future years based on the best available federal poverty guidelines.
- **Increasing CCFAP's financial assistance** levels by adjusting the program's sliding benefit scale. This will give more families a larger amount of financial assistance and make the scale more gradual – so that families don't receive a significant decrease in child care assistance when they receive small pay increases. See Table A for a chart to compare the current CCFAP sliding fee scale, the H.531 proposal, and the more expansive proposal contained in S.90
- **Increasing CCFAP's reimbursement rates for preschool and school-age children**, to align with findings from the state's 2015 market rate survey. This ensures that programs are more adequately compensated and families don't have to cover the significant gap between far-outdated reimbursement rates and what their programs actually charge for care.
- **Investing in a scholarship program** to support current early educators with getting their associate's degrees, achieving state licensure, or participating in the state's child care apprenticeship program.
- **Investing in a Student Loan Repayment Support Program** for early educators who often struggle to afford their student loan payments.
- **Investing in critical IT updates** which will ensure the Child Development Division's ability to continue to advance CCFAP and make necessary administrative adjustments in the future.

Suggested changes
We recommend the following changes to H.531 to further strengthen the bill:

- The student loan repayment support program is an important initiative to attract and retain new early educators. As a result of low wages, prospective early educators can be deterred from taking a position in a private preschool, toddler, or infant classroom because it doesn't allow them to address their basic expenses, which often include monthly student loan payments. Paying back student loans can be challenging for new early educators. In Vermont, the average student loan debt burden is $30,651. This can be a serious concern for new early educators who may only earn $11.17 an hour as they start out in the early care and learning field. Other states have successfully used student loan repayment programs for new early educators to address these challenges. We would recommend some small adjustments to the student loan repayment program in H.531 to make it more of an incentive to attract new early educators into the field. As it was introduced in S.90, the loan repayment support program would be available only to those who have completed bachelors or masters degrees and are working as lead teachers in home or center-based programs. These are some of the most difficult positions for child care programs to fill, and a loan repayment program structured this way could support the transition from college to career for newer graduates, encouraging them to enter and stay in the early education field. We recommend limiting the loan repayment program to the parameters outlined in S.90.

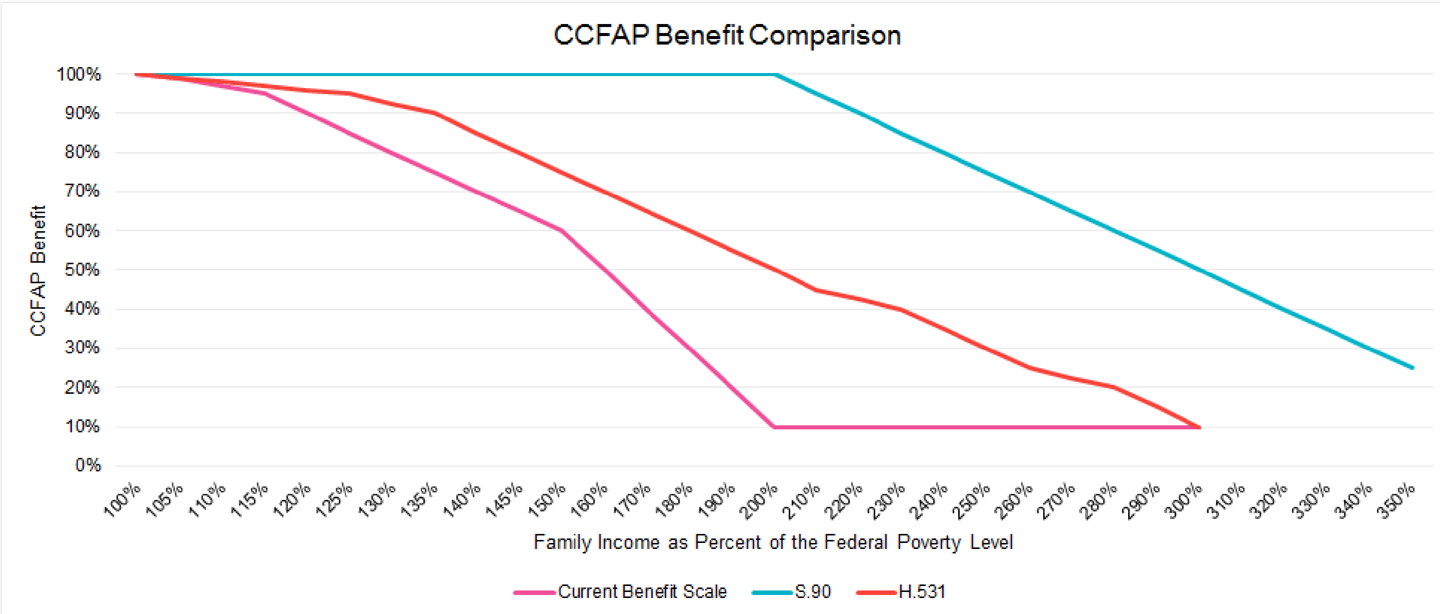
- Additionally, we would recommend *not* including the restriction in H.531 that precludes eligibility for the loan repayment support program for employees who would be eligible for the federal student loan forgiveness program. There has been much media attention about the fact that few graduates who are technically eligible for the federal program have actually had loans forgiven through the program. Additionally, early educators who are eligible for federal loan forgiveness would still be required to make regular loan payments for ten years. Early educators at the start of their career are likely on the lower end of the pay scale and therefore likely to struggle to make loan payments and stay in the field – exactly the reason to establish a loan repayment program.

- Finally, we recommend inclusion of incentives to engage employers as part of the solution to Vermont's child care crisis. S.90 as introduced includes refundable tax credits for employers to help them launch, grow or sustain child care supports for their employees and provide direct financial support to Vermont's early care and learning system. Such a program could be capped to provide a set amount of funds available to businesses who take steps to support their employees to access and afford child care. Dozens of other states have implemented tax credits for employers as part of a broader system transformation strategy.

Conclusion

As this committee knows, the shortage of available early care and learning slots impacts many aspects of our communities. When children have access to high-quality early care and learning, they experience greater success in school, relationships and life. We greatly appreciate your commitment to Vermont's children and families and thank you for your consideration of this important topic.

Table A



Citations

[1] Diaz, Jose. *Vermont's Early Care & Learning Dividend*. (February 2017). Wilder Research: Saint Paul, MN. Retrieved from http://vtroundtable.org/wp-content/uploads/sites/31/2017/02/VermontECLDReport_2017.pdf.

[2] Bishop-Josef, Sandra, Beakey, Chris, Watson, Sara, Garrett, Tom. (January 2019). *Want to Grow the Economy? Fix the Child Care Crisis*. ReadyNation. Retrieved from https://strongnation.s3.amazonaws.com/documents/602/83bb2275-ce07-4d74-bcee-ff6178daf6bd.pdf?1547054862&inline;%20filename=%22Want%20to%20Grow%20the%20Economy?%20Fix%20the%20Child%20Care%20Crisis.pdf%22

[3] Vermont Department of Labor. (2018). *ELMI Occupation Report: Child Care Workers (2017).* http://www.vtlmi.info/oic3.cfm?occcode=39901100.

[4] Vermont Joint Fiscal Office. (February 1, 2017). *Vermont Basic Needs Budget and the Livable Wage*. Vermont Joint Fiscal Office: Montpelier, VT. Retrieved from https://legislature.vermont.gov/assets/Documents/2018/WorkGroups/House%20Human%20Services/Reports%20and%20Resources/W~Joint%20Fiscal%20Office~Basic%20Needs%20and%20the%20Livable%20Wage~2-7-2017.pdf.

[5] Carnevale, Anthony, Cheah, Ban, Hanson, Andrew. (2015). The Economic Value of College Majors. Georgetown University Center on Education and the Workforce: Washington, DC. Retrieved from https://1gyhoq479ufd3yna29x7ubjn-wpengine.netdna-ssl.com/wp-content/uploads/The-Economic-Value-of-College-Majors-Full-Report-web-FINAL.pdf.

[6] Care.com Editorial Staff. (July 17, 2018). This is how much child care costs in 2018. Retrieved from https://www.care.com/c/stories/2423/how-much-does-child-care-cost/

[7] Analysis calculated using https://interactives.americanprogress.org/childcarecosts/. Assumed parent is female and age 34, earning an annual salary of $56,990 per year and planning to welcome a new child at the age of 35 and remain out of the workforce for 5 years. Assumed that employee began working at age 22 and contributes 5% to an available 401(k) and that the employer also contributes 5%. Also assumed retirement age of 67 and a life expectancy of 82 years.

[8] Diaz, Jose. *Vermont's Early Care & Learning Dividend*. (February 2017). Wilder Research: Saint Paul, MN. Retrieved from http://vtroundtable.org/wp-content/uploads/sites/31/2017/02/VermontECLDReport_2017.pdf.