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To: Senate Committee on Health and Welfare

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Testimony on Business Engagement in Child Care Solutions

Thank you for all the work you do on behalf of Vermonters, our business community, children and families. Today I am speaking to you about the direct impact our state's child care crisis has on Vermont businesses, the role these businesses can play in the early care and learning system, and the positive economic impact it can have to incentivize businesses to support their employees' child care needs.

Vermont's population is one of the oldest in the nation, and we have one of the lowest birth rates in the nation.^{i, ii} It is essential to the health of our businesses, communities, and economy that we grow our population, and focus, in particular on the needs of young families. To create a thriving economy today and for the future, employers must have access to a robust, stable, and dedicated workforce. This workforce relies on child care to accept employment, retain employment, and show up to work ready to be productive.

Let's Grow Kids believes that employers can play a pivotal role in helping employees to find and afford child care. When employers support their employees' child care needs, they enable parents to return to the workforce and incentivize young families to move to Vermont and build a home here.

How does the child care crisis impact Vermont businesses today?

The ripple effect of our state's child care crisis has a direct, daily and cumulative impact on our economy and individual businesses' ability to grow and thrive.

Over the course of 2018, I met with several dozen businesses who represent a diversity of industries, regions, and sizes. Uniformly, they struggled with the impact that lack of affordable,

high-quality child care has on their employees: some were unable to recruit for open positions, others struggled as employee absences went up and productivity went down because they lacked reliable child care, and still others lost employees – fathers and mothers – shortly after they had children because the employees couldn't find or afford child care. Nearly every business I met with wanted to do something to support their employees' child care needs, but none, including those with robust HR departments, were sure where to begin.

In response to these needs, Let's Grow Kids created an HR technical assistance pilot, designed to guide businesses through the assessment, implementation, and evaluation of new benefits and practices that would support their employees' child care needs. In collaboration with Thrive LLC a Human Resources Consulting business in Brattleboro, we designed this pilot program as to build replicable solutions for businesses who are interested in improving their family friendly benefits and practices and to highlight businesses whose family friendly benefits and practices can act as guides for others.

We are now in our first months of the pilot, working with a half-dozen businesses across the state. The results so far are promising. Many businesses have been struggling for years to address their employees' child care issues but feared that they needed to do something huge – like offer child care onsite – to make a notable change. In conversations with us and in surveys of their employees, business leaders discover that even small office culture shifts, and piecemeal benefit improvements can build employee loyalty that impacts their ability to recruit and retain valuable employees. We are targeting industry leaders throughout the state to build profiles, best practices, and lessons learned to serve as a roadmap for others to act.

What solutions are employers trying now?

Business engagement in child care solutions for their employees falls roughly into three categories:

1. Stipend or scholarship programs designed to help employees afford care;
2. Capital investments or ongoing overhead expenses designed to support local child care programs, often, but not always, in exchange for child care slots; and
3. Flexible scheduling that allows employees to access care when it's available or need less child care.

For example, we worked with Casella Waste Management in 2018 to design a pilot scholarship/stipend program designed to help their employees afford care. This benefit has been so successful that they are rolling it into their permanent benefits for 2020 coupled with a flexible schedule policy. We also supported National Life as they worked with their on-site provider to make capital improvements and some ongoing overhead support while expanding their stipend benefit to support all of their staff in Vermont and nationwide. We are also currently working with smaller employers in manufacturing, banking, and retail to tailor benefits that will support their employee needs.

What successes can we expand upon to support employers statewide?

We realize that there are limited funds to support the business community's efforts to improve their child care benefits and practices. However, we believe that targeted incentives can create a tipping point of business action that could magnify the efforts of H.531 to help families afford child care.

- **Incentivize targeted action by industry.** Limited, targeted tax credits aimed at encouraging early adoption of child care benefits across industries will incentivize businesses to act. Businesses are impressed and inspired by their peers. If several leaders in each industry design benefits and practices to support their employees' child care needs, their action can quickly lead to industry norms that will benefit many employees in a short period of time.
- **Incentivize targeted action by region.** Similar to the industry focus, targeting tax credits to a region in dire need of child care could incentivize business engagement and build business engagement and have a great impact on child care capacity in that region.
- **Provide a roadmap and offer business-to-business peer learning.** There are finite ways for businesses to support their employees' child care needs and there is no reason to re-invent the wheel. Many businesses are currently working alone, flailing as they try to respond to urgent employee child care needs. If we can build models that are responsive to a business's industry, region, and sizes, we offer an approachable on-ramp for individual businesses – increasing the likelihood that they will act to customizing benefits to their own employees. As we know from our current pilot efforts, it takes time and resources to design, document, and build peer-to-peer resources. Statewide support for streamlined technical assistance and best practices will make action easier and support success for individual businesses.

- **Highlight business innovations in child care benefits.** Imagine if Vermont were known as *the* state that welcomes and supports the child care needs of young families? Child care should be promoted as a tool and solution for business growth. As Vermont businesses innovate child care solutions, they should be highlighted in statewide public and promotional economic development and tourism efforts. These efforts should also be included in regional and statewide events such as chamber and economic development venues. Businesses already have industry and regional gatherings and peer-to-peer teaching is often all that is needed to jumpstart action. Let's make child care a central conversation in all economic development conversations.

Vermont businesses and business leaders are ready to lead the way to support their employees' child care needs – they want to support their employees and they know it will have a positive impact on their bottom line. However, they are immersed in the daily practice of running their business, and for an innovation as new as offering child care supports, they often need an incentive to act. Often, a small incentive, recognition, or support is all they need to take the step to lead. Even targeted, time-limited statewide financial support and recognition could have a huge impact.

Thank you very much for your time today, and for your continued efforts to ensure that Vermont children and families have a vibrant economic future.

ⁱ United States Census Bureau. (2018) 2013–2017 American Community Survey 5-Year Estimates Table DP05 ACS Demographic and Housing Estimates. Data retrieved from: <https://www.census.gov/>.

ⁱⁱ United States Census Bureau. (2018) 2013–2017 American Community Survey 5-Year Estimates Table S1301 Fertility. Data retrieved from: <https://www.census.gov/>.