



Date: Monday, January 25, 2021
To: House Committee on Appropriations
From: Drake Turner, Policy Manager, Let's Grow Kids
Re: Child Care Funds in SFY2021 Budget Adjustment Act

On behalf of Let's Grow Kids, I want to **thank you** for your hard work and dedication to supporting Vermont's child care system (early childhood education system) during this unprecedented time. The remarkable investments made by the Legislature and Administration since COVID-19 hit Vermont last March have and continue to set a standard for the nation in how to sustain this essential industry. Because of your swift, thoughtful, and consistent action, Vermont's essential but fragile early childhood education system avoided utter disaster, and programs, the children and families they serve, and the early educators who work there received crucial supports.

As we know, the pandemic continues unabated, even as we see light on the horizon. While critical investments stabilized our state's early childhood education system in 2020, the pandemic significantly impacted how and when early childhood education programs operate, family choices regarding the use of child care during a pandemic, and the availability of qualified early childhood educators to staff programs. This shifted standard utilization of Vermont's Child Care Financial Assistance Program, leaving an underspend for SFY21. As your committee considers the Administration's proposed SFY21 budget adjustments, **Let's Grow Kids strongly recommends that the committee reserve the \$4.8 million in underutilization in CCFAP and direct them to address some of the dire needs in our early childhood education system.**

The CCFAP funds should be used for the purpose for which they were intended: supporting children, families, and early childhood education programs. They should not be used to support the "bottom line" in the General Fund.

We recommend that the funds be carried into the SFY22 budget and allocated to the desperately needed IT system upgrade that the Child Development Division (CDD) has begun to implement. The budget adjustment amount for CCFAP is almost exactly the amount CDD has reported it needs to purchase and implement the remaining modules of the new IT system. This is a perfect use of one-time funds, and all of the Legislature's and Administration's future plans for solving Vermont's child care crisis hinge on new IT infrastructure.

If allocating these funds for IT in SFY22 is not possible, there are other early childhood education needs that these funds could support:

- **Issue CCFAP payments based on child enrollment vs attendance:** Typically, CCFAP pays early childhood education programs based on a child's attendance at the program. During Stay Home, Stay Safe, the state switched to making payments based on child enrollment to ensure early childhood education programs received reliable funding regardless of whether a child had to stay home for health and safety reasons or was able to attend. We recommend that the state reinstate this practice through the coming months of the pandemic as families continue to face difficult choices on whether to send their children to early childhood education programs.
- **Temporarily increase CCFAP benefits for families:** Survey research has shown that Vermont families are struggling to make ends meet or living paycheck to paycheck during the pandemic. Increasing CCFAP financial benefits would provide meaningful relief to families and allow them to redirect funds to other pressing needs.
- **Provide another round of workforce stabilization payments to early childhood educators:** As early childhood education programs struggle to recruit and retain staff, workforce stabilization payments can provide meaningful support to our state's early childhood educators, helping them to better financially balance the needs of their own families and their pivotal role in caring for and supporting children from other families.

Thank you for your consideration, and for your committee's ongoing support for Vermont's youngest children, their families, and early childhood educators.