



Date: Wednesday, February 10, 2021  
To: House Committee on Human Services  
From: Aly Richards, CEO, Let's Grow Kids  
Sarah Kenney, Chief Policy Officer, Let's Grow Kids  
Re: H. 171: Child Care is Essential

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Good morning. Thank you for inviting us to join you today to talk about H. 171 and how it compares to the Governor's proposed investments in child care. We are thrilled that you are all co-sponsors of this critical piece of legislation, and we want to thank you for your leadership on behalf of Vermont's children and their families.

As you're aware, child care, or what the early childhood field is beginning to collectively refer to as early childhood education, is essential. When families cannot find or afford early childhood education programming for their children, they cannot reliably participate in our state's labor force—a truth that has rippled out across our communities in the wake of COVID-19. In addition to helping parents and guardians balance work and family needs, it plays an important role in laying the foundation for children's long-term health and learning. When children have access to culturally-, linguistically-, and needs-responsive, high-quality early childhood education, it can close or eliminate achievement gaps caused by generational poverty, structural racism, and social inequity.<sup>1</sup> The social and political unrest we witnessed in 2020 in response to events of racial injustice teaches us that, now more than ever, we must help our children build a sense of community and an understanding of empathy from the earliest years.

Over the past several years, Vermonters have come together to develop recommendations for how to create a more equitable, affordable, and high-quality early childhood education system. H. 171 lays the groundwork for realizing Vermont's visions for such a system, integrating emerging best practices from other communities around the world. Let's Grow Kids is proud to support this bill. We know that many Vermont children, families, early childhood educators, employers, and communities will be positively impacted by the changes that would be set in motion by H.171, and we would be very happy to support the committee to hear the voices of some of those who would be most directly impacted.

## Child Care Financial Assistance Program

The first section of H. 171 focuses on making some important changes to the framing language that guides Vermont's Child Care Financial Assistance Program (CCFAP), expanding the program's focus to be not only on parent or guardian participation in the workforce, but also on the healthy development of Vermont's children.

H. 171 includes language similar to the Administration's proposed changes to CCFAP in year 3 of the 5-year redesign plan for the program. We fully support the Administration's proposal to align CCFAP federal poverty guidelines with the 2021 federal poverty guidelines, expanding income eligibility for the program from 300% of the federal poverty level to 350%, extending 100% financial assistance to families earning up to 150% of the federal poverty level, and changing how family contributions are structured from a per child payment to a family payment.

H.171 also goes further to make some important additional changes. These include:

- Aligning CCFAP payments to early childhood education programs with the actual cost of providing high-quality child care.
  - This change would go further than the Administration's proposal to increase reimbursement rates to align with the 50<sup>th</sup> percentile of the 2019 market rate survey. It would instead pay programs based on a cost modeling methodology that accounts for the actual costs associated with providing high-quality early childhood education. Currently, many programs are unable to provide fair market compensation, including benefits such as health insurance, to early childhood educators. Over time, we can work towards achieving pay parity for early childhood educators by continuing to invest in fully paying early childhood education programs what it costs to offer high-quality programming.
- Making payments to programs based on child enrollment vs attendance.
  - This was a very important strategy in the early months of the pandemic, and it is how we provide per-pupil compensation to our public schools. Now, more than ever, ensuring early childhood education programs receive predictable funding and families have access to predictable financial support provides a solid foundation for our early childhood education system.
- Additionally, H. 171 proposes expanding CCFAP program eligibility in SFY 23 to include families in which parents or guardians only work or attend a job training or higher education program part-time, are enrolled in higher education programs beyond an initial bachelor's degree, or are enrolled in in-patient or intensive outpatient substance use disorder or mental health treatment programs. This expansion of eligibility is a step toward building a more inclusive program, the end goal of which is universal eligibility for financial assistance.

These changes are critical to better support parents like Alison, a single mother with two young children. In a letter submitted this week to the House Appropriations Committee, Alison shared the following:

"I am a single parent of a two-year-old and a five-year-old. My children attend The Garland School, and we love its emphasis on imaginative play, nature and community. I also love it because I know my children are getting healthy snacks and meals made and served on-site. The problem is I spend anywhere from 1/2 to 1/3 of my income on child care, even after assistance from CCFAP. It was challenging to find and pay for child care before the pandemic. I made just barely too much money to receive help and because nursing shifts are 12 hours long, I had to pay for traditional daytime child care, and an afterhours babysitter in addition to relying on my parents and in-laws for help with pick-up and drop-

off. Since the pandemic I can't rely on my parents and in-laws for help because they are vulnerable to COVID-19. I had to change jobs, decreasing work hours, and taking a pay cut, so that I could afford and be available during non-child care hours, but still 1/3 of my income is going to child care."

To better support families like Alison's, H. 171 supports the Administration's proposal for year 3 of the CCFAP redesign plan and lays the foundation for transforming CCFAP to achieve a future system in which no family spends more than 10% of their gross annual income on child care, a national benchmark for state child care financial assistance programs.

H.171 lays out important first steps on the road toward this 10% goal. CDD developed an initial estimate of \$4.75 M for the CCFAP changes proposed for SFY22 in H.171. This funding estimate is for the first year of changes proposed in the bill, not the longer-term goal. The appropriation in the bill is not a complete estimate. It is less than the Governor's proposed investment of \$5.529M for CCFAP changes in the coming year. Additionally, some important factors may not have been included in this estimate—primarily payment based on enrollment and calculating reimbursement rates based on a cost of care methodology. Once those changes are considered, we anticipate that an updated estimate will likely be slightly higher than the amount in the Administration's proposed budget.

## Supporting Vermont's Early Childhood Educators

As you're aware, early childhood educators are some of the lowest paid workers in the United States.<sup>1</sup> It can be hard for prospective early childhood educators to obtain the education and training they need when they can't make ends meet, and it's almost impossible to pay back student loans with such low income.<sup>2</sup> Child care programs in our state are struggling to recruit and retain the early educators they need to meet family needs, and research estimates that our state needs more than 2,000 additional lead early childhood educators in order to meet pre-pandemic demand.<sup>3</sup> Especially in the wake of the pandemic, it's more important than ever that we have skilled early childhood educators who can support children and families coping with the impacts of trauma and structural inequities.

To address these challenges, H. 171 identifies 3 important programs to support current and prospective early childhood educators:

- Creating a new scholarship program for prospective early childhood educators;
- Increasing state investments in existing scholarships for current early childhood educators; and
- Establishing a student loan repayment support program for new early childhood educators.

### Scholarships for Prospective Early Childhood Educators

Scholarships that cover the full cost of tuition, books and materials, and room and board, can provide meaningful support to individuals interested in pursuing higher education and training in early childhood education. H. 171 calls for the establishment of a program to support prospective early childhood educators seeking an associate degree, bachelor's degree, or

master's degree. Participants are asked to commit to working in Vermont in the early childhood education field for at least 3 years following graduation. This program also has an added benefit of supporting many of Vermont's higher education institutions. H. 171 includes a \$200,000 appropriation to establish such a scholarship program. This program is not reflected in the Governor's proposal.

### **Scholarships for Existing Early Childhood Educators**

In addition to supporting new early childhood educators, we must also support our existing early childhood educators in continuing to advance their skills and training as part of the strategy to grow and retain our state's early childhood education workforce. Due to limited resources, current scholarship programs have waitlists, and are only able to support a limited number of educators in completing apprenticeships, pursuing an associate degree in early childhood education, or completing an alternative pathway portfolio in order to obtain their Vermont teaching license with an early childhood education endorsement.

To provide more comprehensive support to early childhood educators seeking degrees at all levels, we must continue to invest in these programs to address existing waitlists and allocate additional funding to support current early childhood educators in seeking bachelor's and master's degrees. H. 171 includes a \$300,000 appropriation for scholarships for existing early childhood educators. According to the Child Development Division, the Governor's budget proposal includes \$150,000 for this program, which is insufficient to meet current program needs, let alone to expand the program.

### **Student Loan Repayment Support for New Early Childhood Educators**

For those early childhood educators who are recent graduates, the high cost of seeking higher education paired with low wages makes it difficult to remain in the early childhood education field. In Vermont, 63% of the college class of 2017–18 graduated with student loan debt, which, on average, totaled \$31,431.<sup>4</sup> It's hard to pay for essentials such as housing, food, and transportation when you earn less than a livable wage, let alone have hundreds of dollars in monthly student loan payments. To offer meaningful support to new early childhood educators, H. 171 proposes the creation of a student loan repayment support program, which will provide up to \$4,500 a year to new early childhood educators working at least 30 hours a week for at least 48 weeks per year in regulated early childhood education programs. The program will be available to those who earn less than \$60,000 a year. The bill includes a \$2,000,000 allocation for the program. This proposal is not included in the Governor's budget.

## **Expanding Access to High-Quality Early Childhood Education**

The other key component to increasing the availability of early childhood education programs to meet the needs of Vermont's children and their families is increasing the physical capacity of early childhood education programs. H. 171 does not include specific language related to expanding the capacity of Vermont's early childhood education system, but we want to flag that the Governor's budget proposal includes at least \$1 M in capacity development investments, which we fully support.

# Strengthening the Governance, Administration, and Accountability of Vermont's Early Childhood Education System

## Upgrading BFIS

Both H. 171 and the Governor's budget proposal include the funding needed to complete the upgrade of the Bright Futures Information System, the IT system used to administer Vermont's early childhood education system. H. 171 includes a previous estimate of \$4.7 M. Since the bill was drafted, the Administration has revised the estimate of the funding needed down to \$4.5 M, which is included in the Governor's budget.

## Studying Vermont's Early Childhood Education Governance, Administration, and Accountability Structures, Systems, and Partners

A key challenge that Vermont's early childhood education system currently faces is a large number of state and community-based partner agencies working to address needs through band-aid approaches that have been applied over the years. Vermont is not alone in this challenge. Over the past 10 years, several states have evaluated the administration and governance of their early childhood education systems and identified structural and programmatic solutions to strengthen operations, the flow of data and information, and community, family, and early childhood educator engagement in decision-making processes.

The Governor has proposed moving parts of the Child Development Division, currently housed within the Department for Children and Families in the Agency of Human Services to the Agency of Education. H. 171 proposes a mechanism that would allow evaluation of system governance: undertaking a study, working with organizational or system management and administration experts, led by Building Bright Futures, and advised by a new Early Care and Education Governance and Administration Advisory Committee, to ensure that Vermont's governance for early childhood education effectively meets the needs of children, families, and early childhood educators by evaluating the following:

- Existing early childhood education governance and administrative stakeholders and structures;
- Early childhood education governance and administrative functions that are currently not staffed or understaffed;
- Emerging system needs; and
- Stakeholder engagement in decision-making processes and state plan development.

Building Bright Futures will speak with your committee more about this proposal, and we fully support their suggestions related to this work. H.171 proposes \$150,000 funding for this study that is not reflected in the Governor's budget.

## Creation of an Interim Early Care and Education Advisory Committee

To advise the study and provide interim guidance to the Child Development Division from a wide variety of early childhood education stakeholders, including parents and caregivers, early childhood educators, coordinated service providers, health care providers, and community members, H. 171 proposes the creation of an Early Care and Education Governance and

Administration Advisory Committee, to be staffed by Building Bright Futures and supported by CDD. This body is tasked with providing important guidance to CDD on a variety of topics, including the implementation of the other components of H. 171, if passed. Again, Building Bright Futures will address this in more detail in their testimony, and we fully support their recommendations. The \$25,000 to fund this proposal is not included in the Governor's budget.

## Identifying a Long-Term Funding Mechanism for Early Childhood Education

Finally, H. 171 proposes undertaking a study to identify a stable, long-term funding source for Vermont's early childhood education system. H. 171 allows the state to accept philanthropic funds to support this work, but we would recommend including an appropriation of at least \$100,000 to support these efforts. This proposal is not included in the Governor's budget.

## Conclusion

Together, these priorities will help Vermont build an early childhood education system that is centered on equity and is responsive to the needs and preferences of all children and families, especially those from communities that have been traditionally underserved, disenfranchised, and oppressed by systemic racism, sexism, and other prejudices.

Thank you for all that you have done and continue to do for our early childhood education system, and we look forward to continuing our work together to strengthen Vermont's early childhood education system so that Vermont's children's and families can thrive.

## Endnotes

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- <sup>1</sup> Johnson-Staub, C. (December 2017). *Equity Starts Early: Addressing Racial Inequities in Child Care and Early Education Policy*. CLASP. Retrieved from [https://www.clasp.org/sites/default/files/publications/2017/12/2017\\_EquityStartsEarly\\_0.pdf](https://www.clasp.org/sites/default/files/publications/2017/12/2017_EquityStartsEarly_0.pdf).
  - <sup>2</sup> McLean, C., Whitebook, M., Roh, E. (May 1, 2019). *From Unlivable Wages to Just Pay for Early Educators*. Center for the Study of Child Care Employment: Berkley, CA. Retrieved from <https://cscce.berkeley.edu/from-unlivable-wages-to-just-pay-for-early-educators/>.
  - <sup>3</sup> Horwitz, J. (February 2020). *Access: The Need for More Early Childhood Educators in Vermont*. Let's Grow Kids. Retrieved from [https://www.letsgrowkids.org/client\\_media/files/pdf/2020ECEWorkforceReport.pdf](https://www.letsgrowkids.org/client_media/files/pdf/2020ECEWorkforceReport.pdf).
  - <sup>4</sup> The Institute for College Access and Success. (2019). College InSight Vermont 4-year or above Data Table. Retrieved from <https://college-insight.org/spotlight/vermont-4-year-or-above/5019999999>.

## Summary of H. 171 Investments compared to the Governor's Proposed Budget

Investment Area	H. 171	Governor's Proposal
CCFAP	Estimate needs to be updated to include cost of care and payments based on enrollment.	\$5.529 M for Year 3 of the redesign plan funded through program underutilization. Additional \$3 M from Keno for CCFAP if underutilization is not as expected and/or to be used for emerging capacity development needs due to the pandemic
Early Childhood Educator Supports	\$2.5 M in total: <ul style="list-style-type: none"> <li>• \$200,000 for scholarships for prospective early childhood educators</li> <li>• \$300,000 for scholarships for current early childhood educators;</li> <li>• \$2 M for a student loan repayment support program for new early childhood educators</li> </ul>	\$150,000 for scholarships for current early childhood educators
IT	\$4.7 M (needs to be updated to revised projection from CDD of \$4.5 M)	\$4.5 M
Capacity Development	Does not currently mention capacity development	\$1 M
Early Childhood Education Governance and Administration	\$175,000 for the Advisory Committee and study	Does not include funding
Early Childhood Education System Funding Study	Allows for receipt of philanthropic funds	Does not include funding