



Vermont Businesses
for Social Responsibility

January 10, 2022

House Appropriations Committee
Vermont State House
115 State Street
Montpelier, VT 05633-5301

On behalf of Vermont Businesses for Social Responsibility (VBSR) and hundreds of members across the state, thank you for the opportunity to offer comments on this year's Budget Adjustment Act. VBSR is a statewide, nonprofit business association with a mission to leverage the power of business for positive social and environmental impact. For over 30 years, our organization has promoted the opportunity and responsibility of the business community to set a high standard for protecting the natural, human, and economic environments of our citizens.

Most of our members are small employers. Roughly 35% employ 10 Full time employees (FTEs) or less, 65% employ 50 FTEs or less, and only about 6% (or 40 companies) employ 300 or more FTEs. It is no secret that Vermont is in a difficult moment in its history and our businesses, families, and communities are feeling the impacts. In VBSR's most recent membership survey, availability of affordable housing (62%) ranked as the top barrier to success for VBSR businesses followed by the Cost of health care (57%), Access to affordable and high-quality childcare (34%) and Paid Family Leave (28%.) All of these will be key focuses for VBSR this coming year, as their impacts are highly intersectional and reverberate through our communities, create significant workforce shortages, and stifle economic growth.

I'm writing today namely to express our strong support for three key housing investments offered up in the Governor's latest budget adjustment proposal and to urge the legislature to channel additional resources to our ailing child care workforce.

Housing

Vermont's housing crisis is undoubtedly one of the most pressing issues we've heard about from not only VBSR members, but from our friends and peers. Housing stock is extremely low meanwhile costs are skyrocketing—with many Vermonters spending at least a third or more of their income on housing. As these challenges continue to grow buying power in turn continues to decline—hurting not just working Vermonters but local economies. In fact, the average Vermont household's buying power in 2018 was no better than it was before the recession over 10 years ago. More recent data paints an even starker picture--according to the annual 'Out of Reach' report from the National Low Income Housing Coalition, the average Vermonter needs to earn nearly \$24 per hour to afford a safe, decent place to live in Vermont, however the average renter makes less than \$14 per hour—marking the sixth-largest affordability gap in the nation.

For these reasons, VBSR strongly supports the following investments as detailed in Governor Scott's latest Budget Adjustment proposal.

1. Increase funding for the Vermont Housing Improvement Program (VHIP) from \$5 million to \$25 million. This would “support affordable apartment and accessory dwelling unit creation in existing properties, with a focus on vacant and code violating properties.”

2. Increase funding for Vermont Housing Conservation Board (VHCB) from \$94 million to \$144 million to, as the bill states, “provide housing and increase shelter capacity, with priority given to populations who may be displaced from the hotel/motel voucher problem or are currently without housing, including by providing permanent homes in mixed-income settings.”
3. Grant \$5 million for the Missing Middle Home Ownership Development Pilot Program, which would allow for the construction of new homes middle income Vermonters, who cannot find an affordable home for purchase.

The investments in VHIP and VHCB would bolster access to affordable housing for working Vermonters—helping to close the affordability gap and allow households to better participate in their local economies, including shopping for goods and services at local businesses and seeking employment and educational opportunities.

While we understand the program is still being developed, The Missing Middle Home Ownership Development Pilot Program is historic opportunity to provide moderate income Vermonters with the resources they need to make a home here in Vermont. For workers, Access to home ownership represents a significant opportunity to build intergenerational wealth and boost class mobility. For employers, it means a reliable, lasting workforce.

VBSR has long supported developing what we call “livable jobs” – a vision for economic growth centered on the creation of jobs with good wages and benefits. And while our members consistently offer above average wages and benefits to their employees, we are still hearing from countless business about their struggles in attracting and retaining staff due to lack of middle-income housing. Some have told us they are unable to bring on new talent because they have nowhere to live. Others have shared stories of employees who are seeking opportunities out of state not for professional gain but simply because they either can’t afford their current living spaces or cannot find new ones. Giving working Vermonters an avenue to purchase an affordable home would help to attract and retain employees while also alleviating pressure on the state’s rental market.

To say it bluntly, Vermont cannot tackle our workforce issues, we cannot create a more equitable economy, without addressing housing.

Child Care

The COVID-19 pandemic has brought the critical role that childcare plays in our society to the forefront—making clear that it is an essential form of infrastructure for a strong economy and a prosperous, equitable Vermont. Unfortunately, this crisis has also laid bare a stark reality that has impacted our state for decades--over half of Vermont’s youngest children do not have access to care.

What does this mean for the Vermont business community? In the workplace, parents are struggling to balance childcare and work—resulting in absenteeism, tardiness and distractions at work. More broadly, childcare access and affordability challenges force many parents to leave the workforce altogether costing them their salary, potential wage growth, and retirement savings, not to mention taking away from household buying power. Over time, a parent who leaves the workforce loses up to four times their annual salary per year and too often that burden falls on working mothers, as women are four times more likely than men to cite family and/or personal obligations as reasons for working part-time and seven times more likely to cite childcare problems.

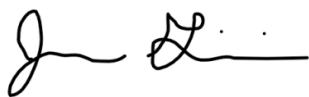
As our businesses and families grapple with these challenges, providers are trying to contend with a childhood educator workforce crisis in Vermont; as low wages (the average childcare provider earns less than \$15.00/hour), few benefits, and increased health risks due to the pandemic are taking their toll. Programs are struggling to find and retain qualified staff, which is the single most important indicator of quality in childcare.

Vermont must commit to build an equitable and sustainable childcare system, one that is universally affordable, accessible to all, and values the tireless work and expertise of our early childhood educators. VBSR urges the committee to appropriate funds to for the following as part of this year's Budget Adjustment Act:

1. Fund the Financing Study outlined in H.171 to determine the cost of operating a sustainable, equitable, affordable, and high-quality early childhood education system and options for how to fund it.
2. Provide at least \$6 million retention bonuses to early childhood education providers. With 71% of child care centers experiencing staffing shortages and 72% of early childhood educators reporting that they would like better compensation (even if temporary,) retention bonuses offer an immediate opportunity to stabilize our child care workforce and provide relief and recognition to providers on the edge of total exhaustion.
3. Provide access to health insurance for all early childhood educators. Employer-sponsored healthcare is out of reach for many educators, yet they are at the frontlines of the COVID-19 pandemic. Offering navigator support and financial assistance to cover premiums would bolster access to affordable healthcare when they need it most.
4. Expand student loan repayment assistance programs for existing childcare providers would create predictable employment conditions and serve as a critical tool for recruiting and retaining prime-age, high-quality caregivers—building the local childcare workforce.
5. Extend CCFAP benefits and eligibility to offer free child care for the children of early childhood educators.

As always, thank you for your tireless work to allocate state and federal funds to the maximum benefit of our businesses, communities, and families. VBSR appreciates the opportunity to offer comments on the Budget Adjustment Act and are available for further questions and testimony at your convenience.

Sincerely,



Jordan Giaconia

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