



Date: Monday, February 8, 2021

To: Senator Jane Kitchel, Chair  
Senate Committee on Appropriations  
Representative Mary Hooper, Chair  
House Committee on Appropriations

From: Sarah Kenney, Chief Policy Officer, Let's Grow Kids

Re: Governor's Proposed Budget for SFY22

---

Thank you very much for the opportunity to testify today on behalf of Let's Grow Kids. We are a nonprofit organization working to ensure affordable access to high-quality child care for all Vermont families by 2025. We work toward this mission together with our 25,000 supporters across Vermont, including families, early childhood educators, business leaders, health care professionals, and other community members who realize the essential role that child care plays in the lives of Vermont's children and their families, for our communities, for our businesses, and for our economy.

## Overview

A very big part of Let's Grow Kids' work is our direct support of child care programs. For many years, our programs team has been mentoring and supporting our state's early childhood educators and child care programs, helping to strengthen and expand existing programs and create new ones. We've been able to dramatically increase that work thanks to the investments that the Administration and Legislature made in expanding child care capacity in recent years. These investments have really helped to counteract the widespread closures that other states have seen because of this pandemic, and we're on track to reach a total of 2,000 additional high-quality child care spaces, located throughout the state, by June of this year—with even more in the pipeline. Additionally, the significant COVID-19 investments of federal funds that the Legislature and Administration prioritized over the past eleven months have helped to preserve these investments and support the resiliency of this sector to weather these many months of increased costs and decreased enrollments. Thank you.

Over the past year Let's Grow Kids has had a firsthand look at the many incredible ways that early childhood education programs have adapted and innovated since the early days of the pandemic. About 30% of the state's regulated child care programs have stayed open throughout the pandemic, providing care to children of essential workers last spring. And yet, in spite of these investments and the incredible resilience of this field, programs and families face huge challenges. We still have so much work to do. The good news is that the Legislature and Administration are committed to making lasting change.

To ensure that all Vermont children have access to high-quality early childhood education that meets their needs, our state must commit to enacting the following policies in 2021—and building

on them in the next two years—to support our children, families, early childhood educators, communities, employers, and economy:

1. Make early childhood education more affordable so that no family spends more than 10% of their gross annual income on child care
2. Fairly compensate and advance Vermont's early childhood education workforce
3. Expand access to high-quality early childhood education throughout the state
4. Invest in new IT for Vermont's early childhood education system
5. Strengthen early childhood education system governance and administration, and
6. Identify a long-term funding plan for our state's early childhood education system.

The Governor's budget implements a number of the foundational components of this vision. It makes a crucial investment in the IT system that undergirds everything. It includes continued work on the Administration's 5-year Child Care Financial Assistance Program redesign plan. It invests in building capacity of child care.

These are important investments. And there are some pieces missing from the Governor's proposal:

- Investing in the early childhood education workforce
  - Even before the pandemic, we needed an estimated 2000 additional lead early childhood education teachers to meet the likely demand for child care. Without investments in this vital workforce, we will not make necessary progress. Funding is needed this year for scholarships (\$500,000) and loan repayment programs (\$2 million) to recruit and retain the skilled professionals supporting our children and our state's workforce.
- Evolving the Child Care Financial Assistance Program
  - The Governor's proposal continues the 5-year redesign plan, but it does not include funding for two additional key components: paying based on a child's enrollment in the program, as opposed to paying for the days the child is in attendance; and paying based on the actual cost of care, as opposed to the current market rate survey methodology. These two changes would provide stability for families, reduce out-of-pocket costs for families, provide a more reliable income stream for programs, and remove unnecessary burdens for families to seek permission from the state to be absent from care.
- Analyzing governance and funding of the future system
  - The budget proposal also doesn't include funding for two studies needed to ensure the strongest possible early childhood education system. We ask you to fund a feasibility study to evaluate the estimated cost and propose a sustainable funding source for the significant investment needed to solve this crisis, as well as a governance and accountability analysis for administration of the system. We estimate these studies to cost \$225,000 for staffing and expert analysis.

As you develop the FY22 state budget, please consider expanding on the Governor's good start by allocating funds for these additional needs. Vermont's recovery from COVID depends on us getting child care right: that means creating a high-quality system that is accessible to all families, universally affordable, equitable, and that values early childhood educators. We know now, more than ever, that child care is essential to our children, families, economy, and recovery. Thank you for all that you have

done and continue to do for our early childhood education system – we look forward to continuing our work together to strengthen Vermont's early childhood education system so that we can all thrive.