



Date: Thursday, January 28, 2021
To: House Committee on Commerce and Economic Development
From: Aly Richards, CEO, Let's Grow Kids
Jen Horwitz, Policy & Research Director, Let's Grow Kids
Re: Child Care & Economic Development

About Let's Grow Kids

Good morning. Thank you for inviting us to join you today. As some of you know, Let's Grow Kids is a nonprofit organization on a mission: we're working to ensure affordable access to high-quality child care for all Vermont families by 2025. Our 25,000 Vermont supporters include 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.

The Case for High-Quality Child Care

Child care, or what the early childhood field is beginning to refer to as early childhood education, 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.¹ One of the most notable studies in this area comes from the work of Dr. James Heckman. His Nobel Prize-winning work has found that when young children have access to high-quality early childhood education, there are significant, long-term, sustained benefits to the children themselves, their families, and their communities.² In a Vermont study based on Dr. Heckman's work and generalized to the full population, researchers found that Vermont stands to gain \$3.08 for every additional public dollar invested in high-quality early childhood education.³ Additionally, analysis conducted by the consulting firm PCG for the State of Vermont found that in addition to these long-term benefits, in 2016, the total economic impact of Vermont's early childhood education industry was nearly a quarter of a billion dollars annually.⁴ This analysis also shows how early childhood education underpins much of Vermont's workforce and thereby underpins much of Vermont's economy. Without early childhood education, our economy cannot thrive.

However, even before the pandemic Vermont faced an early childhood education crisis:

- Three out of five of Vermont's youngest children did not have access to the early childhood education they needed;⁵
- Research estimated that Vermont needed more than 2,000 additional lead early childhood educators to meet demand for early childhood education;⁶ and

- Median early childhood educator wages were more than \$20,000 less than those of their peers with similar qualifications in other fields.^{7, 8}

Unfortunately, the pandemic has only exacerbated these challenges. Parents and guardians, especially women, are struggling to balance work and child care in these ever changing times, including early childhood educators themselves. As Vermont begins to consider its economic recovery from COVID-19, early childhood education must be central to its plans.

Child Care & Vermont's Economy

Before the pandemic, early childhood education was already a key limiting factor in parent or guardian participation in the labor force, particularly for women. A national study of highly qualified women reported that of those that voluntarily left their careers, 74% reported that early childhood education was the key factor in their decision. Government data has indicated that women have been more significantly impacted by economic impacts of the pandemic than men.⁹ Recently, Dr. Theresa Hawley, Illinois' First Assistant Deputy Governor for Education, presented on a national webinar on economic and workforce stability and noted that, "[nationally] 80% of the workforce that we've lost during the pandemic are women... and they're dropping out of the labor force due to families' child care and education needs."¹⁰ This national data also rings true right here in our state as well. In Vermont, 73% of individuals collecting regular unemployment in November 2020 were women.¹¹

To put a dollar value on these data points, the Council for a Strong America found that before the pandemic the US economy lost \$57 billion annually as a result of reduced productivity at work, lost earnings, reduced revenue, increased recruitment costs, and lower income and sales tax revenues due to early childhood education challenges.¹²

The other significant challenge our early childhood education system faces is the stability of the field's workforce—our early childhood educators. Early childhood educators are the workers who create the foundation of our state's economy; they are the workforce that supports all other industries in our state. Unfortunately, early childhood educators are some of the lowest paid workers in the United States.¹ 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.¹³ 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.¹⁴

Estimates based on pre-pandemic research show that by increasing the availability of affordable, high-quality early childhood education in our state, roughly 1400 parents could rejoin Vermont's labor force.¹⁵ Given the impact of the pandemic on our workforce and economy, we anticipate this impact could be even greater than originally estimated. From a national perspective, Cheryl Oldham, Senior Vice President of Education and Workforce for the U.S. Chamber of Commerce Foundation recently noted that if the United States wants to recover from the setbacks our economy has experienced, we must commit to addressing early childhood education; and Vermont business leaders agree.¹⁶ Over the past several years, Let's Grow Kids has been working with a variety of Vermont businesses to help them identify policies and practices to better support the early childhood education needs of their employees. Additionally, this past summer, a group of Vermont business gathered with Let's

Grow Kids to review recommendations from this on-going work in order to generate ideas on how to fund the future early childhood education system envisioned by Vermonters. These business leaders represent 5 Vermont counties and companies ranging in size from 14 employees to 900 employees, as well as a broad cross-sector of industries. These leaders came together because they are dedicated to solving our state's early childhood education crisis because it is an issue that fundamentally impacts their employees, their livelihoods, and our state's economy.

Solutions

Building from existing work in Vermont and engaging with a diverse group of stakeholders, national experts, and early childhood education leaders from Vermont and other states, Let's Grow Kids identified promising practices and policies that could address Vermont's early childhood education crisis. 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 2022 and 2023—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.

These proposed solutions are directly tied to the work of this committee. We know now, more than ever, that child care is essential to our children, families, and economy. Our state's economic and demographic growth is intrinsically linked to our state's early childhood education workforce and infrastructure, and 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, that values early childhood educators, and that supports the workforce of today AND the workforce of tomorrow. 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 we can all thrive.

Endnotes

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