



Written Testimony: House Committee on Human Services
H.171, An Act Relating to the Governance and Financing of Vermont's Child Care System
Charles Martin, Government Affairs Director
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The Vermont Chamber represents thousands of members located across the state in nearly every sector and geographic region. Our staff maintains regular communication with businesses, including businesses that continue to grapple with the impacts of insufficient and unaffordable employee access to child care services. The Vermont Chamber agrees that Vermont's economy would greatly benefit from substantial improvement to the state's child care system. An increase of child care services availability and reductions in associated costs for households would specifically contribute to maximizing Vermont's workforce potential.

While we support the general intent of assisting the child care workforce, improving child care services, reducing child care costs, and identifying sustainable mechanisms for child care financing and governance, we seek clarity on the extent of the commitments of the legislative mandates included in H.171. Specifically, it is unclear whether Subsection 2 of Section 7 of the legislation includes a commitment to ensuring households do not use more than ten percent of combined income by fiscal year 2026 for child care, or if this provision is simply a goal.

If this language does purposefully establish a mandate to achieve that end state by 2026, we would encourage the Committee to continue careful review of the provision, as according to past studies and recent testimony, such a commitment could result in costs estimated to be in excess of \$500 million. We would like to emphasize that an obligation of this magnitude would undoubtedly require much, if not the majority of the state's available tax capacity to be devoted to this initiative for the foreseeable future. A potential remedying course of action might be the removal of Subsection 2 of Section 7. Making this change would provide the Legislature with an opportunity to fully comprehend the results of the study provided in Section 13, which is intended to examine this and other potential costs, without necessarily committing the state to a massive, yet undefined financial obligation in advance.

Many businesses support improving child care services and resources available to their employees. However, it is difficult to envision a funding mechanism that would not involve an additional financial contribution on the part of employers who are already struggling financially with the impacts of the pandemic. Without a full understanding of the magnitude of that eventual contribution, it becomes difficult to endorse the entirety of the provisions included in H.171. We would recommend the Committee amend H.171 in a manner that allows for the full exploration of costs and funding mechanisms before committing the state to largely undefined financial obligations. This would also provide time to assess federal plans to address child care - which is an initiative currently under discussion in Congress that could provide substantial resources to states in the near future.

Thank you for your consideration and for your commitment to making improvements in Vermont's child care quality and availability.