



Date: Friday, February 12, 2021
To: Representative Ann Pugh, Chair
House Committee on Human Services
From: Sarah Kenney, Chief Policy Officer, Let's Grow Kids
Re: Governor's Proposed Budget for SFY22

On behalf of our 30,000 Vermont supporters, we want to thank the Chair and the Committee for your leadership and work over many years to support Vermont's children, families, employers, and early childhood educators. Because of your efforts, Vermont's early childhood education system has received critical supports during the COVID-19 pandemic, and we are well positioned to create a system that is truly accessible, equitable, affordable, and high-quality.

Investment this year is needed to keep us on track to achieve our shared vision. For the FY22 budget, we recommend that the Committee support the Governor's proposed investments in Vermont's early childhood education system. We also urge the committee to include additional investments included in H.171, your child care bill, that are not part of the Governor's recommend.

Components of Proposed FY22 Budget

The Governor's budget implements a number of the foundational components of this vision, and we support these important investments. We encourage your committee to also support these investments in the FY22 budget, including:

- **Implementation of Year 3 of the Administration's 5-year Child Care Financial Assistance Program redesign plan:** \$5.529 million funded through anticipated CCFAP underutilization.
 - This funding will enable DCF to set a flat co-payment for families based on family size and income, increase the income limit for CCFAP to 350% of federal poverty level (FPL), increase 100% financial assistance to families earning up to 150% FPL, and shift to utilization of the 2019 Market Rate Survey findings for determining program reimbursement rates. This means many Vermont families will pay less out of pocket for the early childhood education they need, and more Vermont families will be eligible for support.
 - \$3 million in additional funding (Sec. E.318.2) could help with either unanticipated under or over utilization trends or be used to respond to emerging capacity needs due to the pandemic.
- **Scholarships for early childhood educators:** \$150,000. These funds will help current early childhood educators remain in the field.
- **Capacity development (Sec. E.318):** \$1 million. This money will increase the number of high-quality early childhood education spaces available to Vermont children.
- **Completion of upgrades to the Bright Futures Information System (Sec. E.105):** \$4.5 million.

- This one-time funding is part of a proposal to create a Technology Modernization Fund.
- The completion of this work is critical to both current stability of Vermont's early childhood education system as well as the future vision outlined in H.171.

Additional Investments

Additionally, there are key pieces missing from the Governor's proposal that are necessary to better support Vermont's children, families, employers, and early childhood educators. We request that you consider expanding on the Governor's good start by allocating funds for these additional needs:

- **Additional early childhood education workforce investments:** \$2.35 million
 - Even before the pandemic, we needed more than 2,000 additional lead early childhood educators to meet demand for child care. Without investments in this vital workforce, we will not make necessary progress in meeting the early childhood education needs of Vermont's children and families. Funding is needed this year for scholarships (\$350,000 in addition to the Governor's recommend) and a student loan repayment support program (\$2 million) to recruit and retain the skilled early childhood educators needed to support not only our children, but also our state's broader workforce.
 - We have asked that the House Committee on Commerce and Economic Development also consider recommendations related to these investments.
- **Evolving the Child Care Financial Assistance Program:** *Requires estimate from CDD*
 - The Governor's proposal continues implementation of the 5-year redesign plan for CCFAP, but it does not include funding for two additional key components: paying programs based on a child's enrollment vs. attendance; and calculating reimbursement rates based on the actual cost of care as opposed to the current market rate survey methodology. These two changes would provide stability for families and early childhood education programs and remove unnecessary burdens for families to seek permission from the state to be absent from care for prolonged periods, such as necessary quarantining due to COVID-19, so as not to lose CCFAP eligibility.
- **Analyzing governance and funding of the future system:** \$325,000
 - The budget proposal also doesn't include funding for two important studies and an advisory committee needed to ensure the strongest possible early childhood education system. We ask you to fund a financing study to evaluate the estimated cost and propose a sustainable funding source for the significant investment needed to solve this crisis (\$100,000), a governance and administration study (\$200,000) as well as a governance and administration advisory committee (\$25,000). We estimate these initiatives to cost \$325,000 for staffing and expert analysis.

Vermont's economic recovery, and therefore future economic health, depends on 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.