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for Social Responsibility

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April 15, 2021

Senate Committee on Health and Welfare  
Vermont State House  
115 State Street  
Montpelier, VT 05633-5301

Dear Senators,

Thank you for all of your tireless work over the last year to channel support to Vermont businesses and families impacted by the ongoing COVID-19 pandemic. The work of this Committee and that of the legislature writ large has helped to keep us healthy and whole throughout this crisis, but as you are all acutely aware there is still more that we can do to help our little state endure this crisis and build back better for the future. To that end, Vermont Businesses for Social Responsibility (VBSR) appreciates the opportunity to comment on H. 171 and the value of an affordable, accessible, and accountable early childcare system.

VBSR is a statewide, nonprofit business association with an enduring mission to create a just, thriving, and transformative economy that works for all people and the planet. The majority of our members are small to medium sized 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. We strive to act as an advocate, educator, and convener for our members—hosting a variety of webinars series and educational events, giving voice to businesses on key policy issues impacting our communities, and more recently providing financial assistance to struggling member businesses via VBSR's Small Business Resiliency Fund.

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.

Employers need talented, focused, and reliable employees – the lack of access to affordable and high-quality childcare is a major hindrance to maintaining that workforce and was identified as one of the top 4 obstacles to the success of VBSR businesses in our 2019 policy survey. In a more recent post-COVID survey issued by VBSR and Mainstreet Alliance of Vermont, 42.7% of business owners indicated that lack of childcare is a challenge for their employee's ability to return to work. This not only creates an additional burden on our businesses during an already challenging time, but it also exacerbates historical gender inequities within our state as women are disproportionately impacted when it comes to caregiving.

According to Change the Story's "Vermont 2019 Status Report on Women, Work, and Wages in Vermont", 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. Additionally, four out of ten women in the United States leave the labor force at some point to care for family members.

There have also been major disparities in childcare access and affordability for Black, Hispanic, and indigenous families. Nationally, more than half of Hispanic and American Indian and Alaska Native (AIAN) families live in a child care desert. Affordability also poses a significant challenge, especially for Black families. The average median-income Black family with two young children would need to spend 56% of their income on childcare—a larger portion of total family income than that of any other group.

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. This is an economic and moral imperative, one that promises to not only grow our economy and workforce but attract new families looking to make a home in our little state.

The proposed expansion of the eligibility for the Child Care Financial Assistance Program as outlined in H. 171 would accommodate a much larger portion of Vermont's low to moderate income workforce, many of whom only qualify for a partial subsidy or barely miss the cutoff for any subsidy at all yet still face significant hardship. Meanwhile the bill's proposed scholarships and student loan repayment assistance programs for existing and prospective 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.

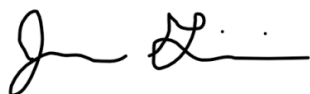
I want to make clear that VBSR members are deeply invested in this issue and committed to being part of the solution, but we can't do it alone. Our members have taken many different approaches to addressing childcare challenges—some offer on-site childcare facilities, some provide subsidies to help their employee cover costs, and others offer flexible schedules and hybrid/remote work opportunities to accommodate the needs of working parents. While these are all admirable solutions, they are only a patch fix for a much broader, more systemic problem. We need to drive home solutions that involve both state and employer investment, but we must do so in a way that is not prohibitive for our smaller businesses and startups—that begins with studying the problem.

When a business is faced with major challenges, the responsible thing to do is to investigate options and understand repercussions before moving forward. The financing study as detailed in H. 171 would help to speak not only to the challenges businesses and their employees face in accessing affordable childcare but also inform creative ideas that maximize the community and economic benefits of childcare reform. That said this study needs to happen more quickly than as outlined in the bill passed by the House.

Given the immense pressure businesses are under and the urgency to address this crisis as our little state looks to recover from the COVID-19 pandemic, a report back in 2024 is much too late. We ask that the Senate amend the final reporting deadline for that study to Jan 1, 2023 to ensure that the Legislature has all of the data necessary at the outset of the next legislative biennium. Our businesses, our children, our families, cannot wait another three years for policymakers to gather the information they need to advance long-term solutions to this longstanding problem. Additionally, we ask that funds be made available this year to allow consultants working on those studies to begin their work. Let's gather the information we need to grow, and to address the challenges we face, but let's do it at a pace that is commensurate with the needs of Vermonters. Only then can we make truly strategic and impactful investments.

Thank you for your time and consideration of these comments. VBSR strongly supports H. 171 and would be happy to field questions and offer additional information as needed.

Sincerely,



*Jordan Giaconia*  
Public Policy Manager