

Otter Creek Child Center Inc.

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Date: Thursday, April 8, 2021

To: Senate Committee on Health and Welfare

From: Linda January, Executive Director of Otter Creek Child Center

Re: H. 171: Child Care is Essential

Thank you for inviting me today to talk about H.171. I strongly support the bill and I am excited for what H. 171 means for children, families, and early childhood professionals.

I had a bit of a déjà vu moment as I sat down to write out my testimony, as it was almost two years ago to the date that I was testifying in the House Human Services Committee regarding a very similar child care bill. Over the past two years, progress has been made on the issues that H. 171 is addressing, but not enough progress to truly make an impact on both families and early childhood professionals. H. 171 feels different from two years ago. Sitting here today, I feel hopeful, excited, and relief with the changes H. 171 will bring. I feel - for the first time in 10 years as a director - that I will finally be able to balance the scale between keeping Otter Creek affordable for families and providing enough for teachers to make a living in the field that they love.

My hope today is to highlight some of the positive impacts H. 171 will have on children, families, and early childhood professionals.

Child Care Financial Assistant Program

Otter Creek Child Center was founded in 1984 in Middlebury and serves children from birth through five years of age. We are currently serving 45 children. We employ 13 full-time teachers, 3 part-time teachers, 2 full-time administrators, 1 part-time administration assistant, 1 part-time bookkeeper, and a handful of substitute teachers. The average cost of care per child for the current school year is \$21,263, but the average amount of tuition dollars coming in per child is only \$14,110, **leaving a funding gap of \$7,153 per child**. The following things are true because of the funding gap in tuition revenue:

- 28% (\$227,675) of our revenue at Otter Creek comes from other sources outside of tuition
- Of that 28%, \$71,568 is from grant funds
- Only \$11,000 is from fundraising efforts (in a good year)
- If Otter Creek was to lose a current grant of \$40,000, we would need to reduce 3 full-time teachers from 40 hours a week to 30 hours a week
- We currently fund around \$14,000 a year in scholarships

With the changes proposed in H. 171 the following things would happen:

- With increasing tuition to meet new CCFAP rates, Otter Creek would see an increase of about \$97,000 in tuition revenue
- We would become less reliant on grant funds to balance the budget
- Grants could be sought to enhance the program **instead** of balancing the budget
- 16% of our revenue would come from other revenue streams - right now, that 16% comes from revenue streams that already exist in our current budget

- The need for an in-house scholarship fund would lessen, reducing expenses
- The executive director would be able to shift her time from fiscal oversight to program support

With these changes, Otter Creek would see an increase in tuition revenue while at the same time being able to redirect scholarship funds. These shifts would allow for an increase to the salary scale and the possibility of increased benefits, including affordable health insurance.

For families the potential changes are also huge. Illustrated below is a current Otter Creek family:



| | Current Tuition Co-Pay |
|----------------------|----------------------------|
| Monthly Tuition | \$2476.50 |
| Monthly Subsidy | -\$606.66 (25% of FT rate) |
| Monthly Scholarship | -\$609.84 |
| Monthly Co-Pay | \$1260 |
| Percentage of Income | 22% |

| | Possible Tuition Co-Pay |
|----------------------|-----------------------------|
| Monthly Tuition | \$2600.32 (increased by 5%) |
| Monthly Subsidy | -\$2059.07 (275% of FPL) |
| Monthly Scholarship | |
| Monthly Co-Pay | \$541.25 |
| Percentage of Income | 9% |

- Reduced co-pay by 43%
- No longer need scholarship funds
- Full tuition collected

As illustrated above you can see how the CCFAP changes will affect both families and early childhood professionals. With more families qualifying for support, higher rates, and CCFAP payments based on enrollment vs. attendance, early childhood professionals will slowly be able to afford to stay in the early childhood field.

Scholarships and Loan Repayment

The shift with the Child Care Financial Assistance Program will take some time. It will take the state time to design and implement and it will take programs time to adjust their budgets to reflect the changes that the state is making. Between now and full implementation, the field will continue to need other supports.

As CCFAP rates rise according to the goals set out in H. 171 and begin to reflect the true cost of care, programs will be able to increase compensation, including benefits to be on par with elementary school teachers. At Otter Creek, we have a goal of increasing our salary scale to \$40,000 for a first-year teacher with an early childhood teacher license. Currently it would take a teacher **13 years** of working for us to reach \$40,000. We also have a goal of paying entry-level teachers \$15 per hour, but our current entry-level rate is only \$13.50 per hour. We have slowly been able to increase wages to meet our goals, though it has been a slow and painful process. Over the years, we have also been able to slowly increase the amount of benefits that we offer, paid time off, short- and long-term disability, group life insurance, child care discount, tuition reimbursement, paid release time for professional development, yearly wage increases, and paid holidays. We are still far away from our goal of offering affordable health insurance and a livable wage, though. I believe H. 171 will get us closer to our goals, and in a much faster timeline.

In the meantime, teachers are still struggling to afford to continue their education and pay student loans. Three Otter Creek teachers are current recipients of the T.E.A.C.H. scholarship through the Vermont Association for the Education of Young Children. One is just beginning her higher education journey, another is pursuing classes to obtain her early childhood teaching license, and the third will graduate in May with her early childhood associate's degree. Without these scholarship dollars, this would not be possible.

Kelsey Coleman will graduate from the Community College of Vermont in May. She has been attending classes for the past four years part-time while working as a full-time teacher. She has moved up the career ladder, receiving bonuses and pay increases each step of the way. Without the T.E.A.C.H. scholarship, these achievements would not have been possible. Kelsey will graduate debt-free, but she is not able to pursue a bachelor's degree due to the lack of scholarship opportunities, and despite a pay increase she continues to struggle to afford rent and health insurance.

With increased funding to scholarships, teachers like Kelsey would be able to continue their education, and by the time they complete their B.A., goals outlined in the bill would mean that programs will be able to afford to keep people like Kelsey in the field by offering a livable wage with benefits.

The bridge funding in H. 171 for scholarships and loan repayment are critical pieces to keep the current workforce in the field, and to bring new people into the workforce.

System Analysis Study and Financial Study

The early childhood field is excited about H. 171! We are finally at a place where we are seeing the fruits of all of our hard work. The system of care is within reach and it is exciting! With this excitement comes the dreaded question of "How?" How will this happen? How will it be funded? How will it be sustained? How will it be governed and monitored? So many questions of "How?"!

The system analysis study and the financial study will answer these questions and more. These studies are imperative to move forward in building a system that fully supports families and early childhood professionals.

We need to know what is working well and what needs to be improved before major changes to the system happen.

There also needs to be a stable, ongoing revenue source that funds the system year after year. The field needs to know that these changes are sustainable and that Vermont is serious when it comes to building the early childhood system that our children and families deserve, and our employees and economy need.

Thank you for all that you have done and continue to do for children, families, and early childhood professionals. I look forward to the changes ahead and working with you and the Administration to continue to improve the early childhood system of care.

Sincerely,
Linda January
Executive Director
Otter Creek Child Center