



Date: Friday, April 7, 2023

To: House Committee on Human Services

From: Aly Richards, Chief Executive Officer, Let's Grow Kids

Re: Testimony on Child Care and S.56/H.208

Good morning. I'm Aly Richards, and I'm the CEO of Let's Grow Kids. Let's Grow Kids is deeply appreciative of the work that your committee has done over many years to stabilize Vermont's child care system and ensure our youngest children have the strongest possible start. We are pleased to spend time with you today discussing H.208 and S.56, and how they support the advancement of decades of work to ensure that all Vermont children have equitable access to quality early childhood education.

For those of you who may not be very familiar with Let's Grow Kids, we are a non-profit organization that has been actively working in Vermont for over 20 years to strengthen Vermont's child care system. The roots of our work stem from strategic initiatives to mentor family child care homes and launch pre-K pilots throughout the state. This led us to our focused mission to ensure affordable access to high-quality child care for all Vermont families by pursuing policy change at the state level, supporting people power by elevating the voices and experiences of Vermonters, and through programs by preparing the child care system for transformation by working closely with early educators to increase quality, expand capacity and support the child care workforce.

On this last point, in recent years we have partnered with the State of Vermont to distribute the capacity-building funding that this committee has helped to provide. Our Make Way for Kids grant program, which includes intensive technical assistance to programs seeking to open or expand, has supported 63 family child care homes (FCCH) to open or expand from a registered FCCH to a licensed FCCH, and has supported 129 child care centers to open or expand.

Child care is essential, and, as this committee knows well, the past three years have been devastating for Vermont's already fragile child care system. The impact of the pandemic and widespread workforce shortages presented unprecedented challenges. Unsurprisingly, early childhood educators and child care programs have risen to the occasion again and again, providing crucial supports to families and employers even while their day-to-day work has been extraordinarily difficult. With pandemic aid having recently ended and workforce shortages still plaguing the field, child care investments present both a key solution to Vermont's broader workforce crisis and a vital opportunity to address longstanding structural challenges and inequities in our child care system.

This committee has been leading the work in the Legislature for many years to restructure the way the state supports families to afford child care and bolsters the early childhood education workforce. First the CCFAP redesign led by this committee set this transformation in motion. Then in 2021, this committee led the passage of H.171, now Act 45, which laid the foundation for an equitable, affordable, and accessible early childhood education system in Vermont.

Act 45 set important goals for our state:

- Ensure that all families with young children have affordable access to high-quality child care and early education;
- Ensure that no Vermont family spends more than 10% of their annual income on child care; and
- Ensure that Vermont's early childhood educators are fairly compensated and well supported.

As a movement we are committed to seeing these goals realized for Vermont.

And while Act 45 established important interventions to stabilize Vermont's early childhood education system in the midst of a global pandemic, the system has continued to struggle and remains in crisis. In a survey of child care centers last year, 86% of programs reported experiencing staffing shortages.¹ Let's Grow Kids has experts around the state on our Programs Team who provide technical assistance and support to the early childhood field. This team gets weekly – if not daily – calls from program directors who are desperate because they cannot make it work and are on the brink of closure and managing overwhelming levels of staff burnout. In a recent survey, 35.5% of early childhood educators reported that they are considering leaving their job.² Without increased pay and benefits for early childhood educators, programs will continue to lose staff and be forced to close their doors.

However, right now the only way that child care programs can afford raises and benefits for employees is by raising rates, passing on the cost to families who, in many cases, are already paying more than they can afford – sometimes more than 30% of their income.³ This is why state investment is so crucial, and why investments in family affordability and early educator compensation MUST go hand in hand.

Before I go into more detail about H.208 and S. 56, I want to turn to my colleagues, Katie Salina and Jen Horwitz, to provide you with a brief overview of how Let's Grow Kids and our partners have been analyzing data on the stability of Vermont's child care system to inform the strategic investment of federal, state, and private dollars to both stabilize and transform Vermont's child care system.

(See LGK Child Care Supply and Demand PPT)

Given all that we have learned through analysis of supply of and demand for child care in Vermont, I'm pleased to say that components of H.208 and S.56 would make huge strides toward the solution. At a time when Vermont's child care system is in crisis, these policy proposals provide a strong pathway to make child care more affordable and accessible for families, support early childhood educators with fair compensation, and ensure our communities thrive.

At the heart of the bill – and of your work over the course of the past several years – is setting in motion the transition to a model of child care financial assistance that reimburses programs based on the true cost of providing high-quality care, driven by professional, tiered compensation for early childhood educators. As you know, that transition must happen in concert with expanded support to families to help them pay for those increased rates.

To that end, I wanted to highlight some of the strengths of S.56 as it passed the Senate, and of H.208 as currently drafted.

Strengths of S. 56:

- **CCFAP expansion (Section 3):** We strongly support the expansion of the program's income eligibility cap to 600% of Federal Poverty Level (FPL), as well as the expansion to allow families up to 185% of FPL to have no family co-payment.
- **CCFAP Reimbursement Payments (Section 4):** Switching CCFAP reimbursement payments from an attendance-based system to an enrollment-based system will help families access care more equitably and provide a more stable income stream for child care programs. This is an important step that your committee has been discussing for years.
- **Creation of a non-citizen child care assistance program (Section 12):** Let's Grow Kids strongly supports the bill's proposal to create a parallel program for non-citizen children and the privacy standards proposed for the program. We recommend that the bill call for program implementation in 2024 and that it appropriate funds as necessary.
- **Cost of care and ECE compensation scale (Section 11):** We also strongly support moving toward paying reimbursement rates in CCFAP based on true cost of care, which includes a minimum compensation scale. As this committee has already noted, some of this work has been accomplished through the RAND report and the work of the Advancing as an Early Childhood Education Profession Task Force.⁴⁵ We appreciate the Senate's work to move these concepts forward and to involve the experts at the Vermont Association for the Education of Young Children. However, we would recommend that you use the timeline contemplated in H.208, which would implement payments based on the cost of care beginning on July 1, 2024, including a professional compensation standard.
- **Readiness grants (Section 6):** The COVID-19 pandemic significantly impacted Vermont's early childhood education workforce, driving hundreds of early childhood educators out of the field. We strongly support the proposal to provide \$25 million in Readiness Grants for workforce recruitment to increase the number of early childhood educators and retain the existing early childhood education workforce. These grants would also be available for facilities improvements and other needs, and would help to fill the large gap left by the expiration of COVID-era ARPA child care stabilization grants that ended last month.
- **The STARS Program and Quality and Capacity Incentives (Sections 8 and 9):** We strongly support moving STARS towards a continuous quality improvement system that supports programs in advancing their quality improvement goals, integrates coaching from skilled early childhood educators, and rewards programs that maintain high-quality early childhood education offerings through the Child Care Quality and Capacity Incentive Grant Program. We also support de-coupling CCFAP reimbursement rates from a program's STARS designation so that funding to support program operations is distributed more equitably, providing the financial support necessary for all programs to advance quality. The incentive program will provide supports for programs to continue to progress in quality, without penalizing families who are unable to find higher-quality programs and therefore pay more out of pocket.
- **Study of universal pre-K expansion (Section 2):** Few would disagree that Vermont's current program of ten hours a week of universal pre-K for three- and four-year olds is insufficient. Children benefit from more hours of pre-K education, and working families certainly need more than ten hours a week of care for children. Our current mixed delivery system, in which children can attend either a school-based program in their community if one is available, or a prequalified partner program in the community, is lauded nationally for our inclusion of three-year olds and for relatively high enrollment of both three- and four-year olds.⁶ Mixed delivery also allows families to access pre-K hours in a private program that provides full work day, full calendar year care, which accommodates working families. However, there is some inequity in our current system where some school districts have opted to provide full school day, full school

year pre-K classrooms, but others have not. The study in section 2 of S.56 takes the right approach to exploring possibilities for expansion of our universal pre-K program, including analysis of what will produce the best outcomes for children, and how to avoid any unintended consequences that could destabilize the broader birth-to-five child care system.

As currently drafted, S.56 provides concrete steps forward to address this crisis and makes critical investments in our state's early childhood education system including vital support for families, early childhood educators, and child care programs. **As the bill moves forward, we strongly encourage you to build on the excellent work of your Senate colleagues, reincorporate some elements of H.208 and further strengthen the bill as follows.**

Opportunities to continue to strengthen S. 56:

- **CCFAP**

- **Expand Eligibility for Child Care Financial Assistance (Section 3):** In addition to needing to expand income eligibility for CCFAP, Vermont must expand eligibility more broadly for child care financial assistance, either through another parallel program for people who aren't eligible under federal rules or by expanding the current work, education/training, or health criteria to encompass all types of work arrangements (such as households where adult caregivers work split shifts, are pursuing higher education degree programs beyond an initial bachelors degree, etc.).
- Additionally, we are concerned about a "hidden" benefit cliff in the expansion of CCFAP in S.56. The very helpful graphs created by the Joint Fiscal Office illustrate what percent of income families with one child would be paying under the CCFAP expansion up to 600% of FPL. However, families with MORE than one child would be paying dramatically higher rates than they do now, which your committee discussed very briefly, and JFO acknowledged, but isn't clear from the current graphs. We would recommend exploring ways to mitigate this cliff for this small number of families, perhaps through additional, separate scholarship funds or grants to programs to provide support to families who fall in this category.
- **Categorical eligibility for those working in regulated child care programs (Section 3):** As you've heard from numerous witnesses, staffing is a significant challenge for Vermont's child care programs. We recommend making all staff who work in regulated child care programs categorically eligible to receive CCFAP for their age-eligible children, regardless of income. While raising eligibility rates for CCFAP overall would allow an increased number of staff to qualify for the program, categorical eligibility supports recruitment and retention of people working in regulated child care programs who have young children of their own.
- **Calculate family co-payments based on a progressive sliding fee scale:** Let's Grow Kids recommends that the state shift from the current tiered flat-fee CCFAP co-payment structure to a progressive sliding fee scale. As you've seen from JFO's charts, the current co-pay structure adversely impacts families at the lower income levels of each flat-fee tier, so that these families are spending proportionally more of their income on their family income on child care than families at the higher end of each flat-fee tier.⁷
- **Shifting to Cost of Care Methodology for determining CCFAP reimbursement rates (Section 11):** We recommend amending S. 56 to align with the timeline laid out in H.208 and require implementation of cost of care and minimum compensation standards for early childhood educators to begin on July 1, 2024.
- **Quality and Capacity Incentives for Dual Language programs (Section 9):** based on the testimony from Dr. Shantel Meek about the benefits of dual language programs

- for children, we recommend adding DLL as an additional category to the quality incentives available to child care programs.⁸
- **Allocate resources to better reach all eligible families:** When other states have expanded their versions of CCFAP, they have found it important to allocate resources to ensure that the name of the program, materials, applications, etc. are easy to understand, effective, and resonate with families. As you heard this week from Dr. Meek, it is crucial to structure programs to provide specific focus on families that have been historically marginalized.⁹ We recommend setting aside funding within CCFAP to ensure that any expansion effectively resonates with families through program rebranding, new materials, accessible and easy to use applications, and clear engagement materials.
 - **Strategic outreach:** In addition to allocating resources for program rebranding and general outreach, we recommend that your committee amend S. 56 to include language specifying that additional funding be allocated for specific outreach to families of color and other underserved families based on the Burlington Early Learning Initiative model, especially given the creation of the parallel program for non-citizen families.
 - **Supports for Early Childhood Educators and Programs:**
 - **Scholarships for Current ECEs:** S. 56, as introduced, included \$500,000 for scholarships for current early childhood educators to help grow Vermont's TEACH scholarship program, administered by Vermont AEYC. We strongly recommend amending the current version of S. 56 to include this earlier provision.
 - **Special Accommodation Grants (Section 14):** We encourage the Committee to take more immediate action on increasing SAG funding, and strongly support a move to a 12-month application cycle. We encourage the committee to hear testimony from eligibility specialists in community Child Care Support Agencies who work families seeking Specialized Child Care to learn more about the many barriers in that system.
 - **Governance (Section 16):** We support the recommendation of the 2022 Vermont Child Care and Early Childhood Education Systems Analysis Report of creating a single, empowered leader in a position on the Governor's cabinet, with oversight over key early childhood education programs.¹⁰

Conclusion

We look forward to working with you and your colleagues on behalf of the thousands of children, parents, employers, community stakeholders, and Vermonters from every corner of the state who have come together in this moment. Vermonters cannot go another year without an equitable solution to the child care crisis and they are relying on our leaders to work together to get this done.

To quote 17 early childhood educators who published an op-ed in VT Digger this week: "If we want to prevent more early childhood educators from leaving the field, and prevent more program closures in Vermont, we need to solve the child care crisis now. Every working parent and employer knows that access to early childhood education is essential for parents to go to work. More importantly, we know the early experiences of young children impact their growth and development well beyond the early years. We can't afford to wait any longer for the investment needed to stabilize Vermont's child care system... The necessary, transformative investment will take courage."¹¹

Thank you for your time and attention, and most importantly, your courage to create change on behalf of Vermont's youngest children.

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