

Testimony to Vermont Human Services Committee

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First, thank you to the committee for inviting me here today. I (and my Vermont team) am so excited for the opportunity to do this important work that I am happy for every opportunity to talk about it.

Second, I want to acknowledge the history, leadership, and hard work of this committee, and the Vermont legislature, over the years to elevate the needs of Vermont's families and children. Act 166, Act 45 of 2021, and now H.208/S.56 (among others) represent major progress toward meeting the needs of Vermont's young families. I know that many of you, along with state agency leaders, non-profit agencies and advocates, and business leaders (including child care businesses) have been working for years to ensure a future where young families can thrive in Vermont. My being here today as the Vermont Director of First Children's Finance is possible because of the years of work to ready the system.

Third, you should know that I come to this work from a background in business operations and community economic development. I am not an early childhood educator and I am not a public policy expert.

I was asked to introduce you to First Children's Finance and the work of its Vermont office. I will also share a bit about the work we have already done in the 2.5 months we have been on the ground in Vermont. I will conclude with a glimpse into what we have planned for the future of the Vermont office. Does this sound like what you expect?

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First a little history. FCF was founded in 1991 as a community development financial institution. That's important for you to know as it signals our focus on access to capital for child care businesses (and hints at what we might have planned for the future).

FCF became a national non-profit in 2006. I mention this because it means that Vermont becomes part of a nationwide ecosystem, benefitting from best practices, expertise and lessons learned in other states.

Before today, FCF had only established offices in 2 additional states, despite it working in or with 20+ states currently. FCF doesn't open new offices very often, and in Vermont our small team comes with deep and varied experience in Vermont's child care system, one has experience as a center director, a STARS assessor, 2 of us have recently been employed by Let's Grow Kids, and one has experience operating a family child care and working at Northern Lights. I believe this demonstrates FCF commitment to be a permanent presence in Vermont and how it values local expertise and relationships.

Since I am new to this committee, I thought I would take a moment to share a bit of my personal timeline with you today, as it maps to the FCF timeline. In 1991, I landed in Seattle, Washington and worked as a business planning consultant and manager for 10 years there. In 2006, I had just returned from 2 years in the Peace Corps to start a graduate degree in Community Development and Applied Economics at UVM. In 2008, I learned first hand about the lack of access to and affordability of child care in Vermont! And now, after running program design, evaluation, data systems and operations at Let's Grow Kids for the past 6 years, I am so pleased to have launched the Vermont office of FCF!

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I am so inspired by the mission of FCF that I make sure it is on just about every slide! We are in business to grow the supply AND business sustainability of excellent child care (because if you do one without the other you will fail at both). I'm here today in part because I believe that S.56/H.208 is foundational to being able to accomplish this mission in Vermont.

The way that FCF works towards achieving its mission is by focusing in three areas. 1. Systems-level expertise to design and implement policies and practices at the state, large municipality or tribal level. 2. We work with communities to achieve sustainable child care supply to address a community's needs. In any community, people need a place to live, a place to work and they need child care. 3. We work with individual child care businesses to strengthen their business operations and plan for the future they envision. In Vermont, this is the work of the Child Care Business and Technical Assistance Program.

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Our work with individual child care businesses takes many forms. We meet individual business leaders where they are and help them to get where they want to go. Not all of these are available in Vermont yet! Access to capital is coming!

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Introducing the Vermont Child Care Business and Technical Assistance Program (BTAP). The BTAP was made possible by the Legislature, through child care discretionary ARPA funds, to address the needs of child care businesses for access to business resources. During the pandemic, the focus on child care as an essential business highlighted the lack of business resources and the risk to our families and our economy of not helping child care businesses stay in business. Thank you for making BTAP possible!

I came on board at FCF on January 30, prior to that FCF and Let's Grow Kids (FCF's partner in this program) worked together to design the program. Acknowledging that this program would be most effective if it is implemented as part of the existing system, and recognizing the commitment and good work of our partners (Building Bright Futures, Northern Lights @ CCV, Vermont Afterschool, Let's Grow Kids and Vermont Association for the Education of Young Children), one of my first tasks was to convene the BTAP partners and identify how we can work together.

The second thing we did was to collect data about the state of the child care business sector in Vermont. The survey we used was based on a survey regularly conducted in Minnesota through a partnership with the Federal Reserve Bank of Minneapolis. Next I will share a few data highlights from the results of the survey. The survey was available to all regulated child care programs (early care and afterschool programs) in Vermont. 115 program directors/owners responded to the survey, 50 family child care owners, 62 center directors and 3 directors of afterschool programs. Programs from 13 of our 14 counties participated in the survey, with only Essex not represented in the results. Also, 1% of the directors/owners responding were men and 9% identified as a person of color. A recording of the webinar presentation of results is available at www.firstchildrensfinance.org/vermont.

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Stabilization grants helped compensate child care businesses for the lack of "earned" revenue of tuition due to staff shortages (either due to illness or workforce shortage). It kept the investments in capacity

made by public/private partners viable for when staff could return. Stabilization grants also helped these businesses (especially family child care homes) from raising tuition for families in 2022, despite rising costs from inflation.

I also want to point out the sacrifices that many of these businesses and their leaders made – including tapping into their emergency reserves and not paying themselves – in order to keep their doors open.

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These business leaders shared so eloquently in our survey that I wanted you to read some of their words. You can read their quotes, but I wanted to use a few of them to illustrate some of the ways that BTAP will be working to support these businesses.

When someone says we have been “cutting from different areas to make payroll,” the BTAP will offer training on budgeting and cash flow, and managing enrollment, next month. We are also available to provide individual consulting to help determine if there are options for increasing revenue or more efficient staffing patterns.

If “maintenance projects keep getting pushed” then a training in precision pricing might help determine a better tuition rate. Through the BTAP we can also use our financial analysis tool to provide individual consulting on how changing tuition rate would change their ability to address maintenance.

It is not good for business sustainability when the owner or director “can’t draw a paycheck.” The Vermont team can work with them one on one to model scenarios of revenue and expenses to identify a budget and business model where they can pay themselves for this challenging work.

Lastly, I want to mention that we heard so much about the value of the ARPA stabilization grants in keeping their business running and how uncertain their future is with the last grant payment made in February. The readiness grants that are in H.208/S.56 are a necessary first step to addressing the uncertain future that many of these child care programs face right now.

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After being on the ground in Vermont just 2 months, we launched this ambitious calendar of activities. We are adding to the calendar every month, and we are using the survey data to inform which of the FCF training catalog we offer in Vermont (and what new activities we can offer).

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The BTAP will continue through the end of ARPA funding in 2024. While we hope that this program will demonstrate sufficient value to receive continued funding in the future, FCF is here for the long term, and part of my job is to make sure that we can continue to grow the supply and business sustainability of excellent child care in Vermont through our work with individual businesses, communities and systems. My team and I are particularly excited to bring access to capital offerings and the rural child care innovation program to Vermont in the near future.