



Date: Wednesday, February 15, 2023
To: Vermont Senate Committee on Health & Welfare
From: Sarah Kenney, Chief Policy Officer, Let's Grow Kids
Re: Testimony from Let's Grow Kids on S. 56

About Let's Grow Kids

Let's Grow Kids is a nonprofit organization on a mission to ensure affordable access to high-quality child care for all Vermont families by 2025. Our campaign has over 35,000 supporters from all walks of life, including families, early childhood educators, business leaders, and community members who believe that this child care bill, with some critical changes, can become the vehicle through which our state can give children a strong start and build a better Vermont for generations to come.

Background

We are deeply grateful to the bill sponsors and all the legislators and administrative officials who have worked over the past several years to stabilize and strengthen Vermont's child care system, and we are eager to finish this transformative work alongside you.

Child care is essential, and 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 coming to an end in the next few weeks, 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.

In 2021, the legislature passed H. 171 (now Act 45), which laid the foundation to achieve an equitable, affordable, and accessible early childhood education system in Vermont by the end of 2025. 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, including ensuring 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.¹

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 is in crisis. In a survey of child care centers this past fall, 86% of programs reported experiencing staffing shortages.²

Early educators are the workforce behind Vermont's workforce and they have been underpaid and undervalued for far too long. We cannot ask more of these essential workers who carried our

communities through the crisis of the pandemic without a break. It is taking a toll on their well-being and forcing many to leave the field. Let's Grow Kids has experts around the state on our Programs Team, which provides 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. 35.5% of early childhood educators are considering leaving their job or family child care.³ Early childhood educators are professionals who dedicate their careers to caring for and educating our youngest children, so it might not be obvious during a visit to a child care program but they are bearing an impossible burden without the necessary supports that they deserve.

S.56 presents an incredible opportunity, and I'm so happy to be here to talk about it. Some of us have been at this together for many years, and it's so exciting to be at this point. As you work with this bill, please think expansively about what our youngest children need and deserve, what the people doing this extraordinary work need and deserve and focus on both the short- and long-term benefits of this investment.

Throughout my testimony today I'll be referencing Let's Grow Kids' [2023 policy agenda](#), which our policy team developed in collaboration with countless partners including families, early childhood educators around the state, employers, the experts on our Programs Team, and a host of national experts who advise us on national trends and best practice. S.56 contains a number of proposals that align with those best practices and contains other proposals that we believe can be modified to achieve the goals set out in Act 45.

The Promises of S. 56

To start, I'd like to talk to you about what we at Let's Grow Kids see as the most promising parts of S. 56. These sections closely align with what we've heard from families, early childhood educators, employers, and community members over the many years that we've been working on this issue.

Proposed Changes to Vermont's Child Care Financial Assistance Program

Let's Grow Kids believes that the changes to Vermont's Child Care Financial Assistance Program (CCFAP) proposed in the bill are an important step forward for the program and Vermont's children, families, and communities.

- **Program eligibility expansion:** Let's Grow Kids strongly supports the bill's removal of challenging work, education, and health eligibility requirements for CCFAP. Many families that could greatly benefit from child care financial assistance are currently locked out of the program due to issues such as adult caregivers in the home working split shifts, a parent or guardian pursuing a higher education degree, or challenges related to quantifying earned income for self-employed families. We also strongly support the expansion of the program's income eligibility cap. These changes are in line with expansion efforts that are underway in other states including New Mexico, Massachusetts, Colorado, and New York.
- **Reimbursement Payments:** 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.
- **Creation of a non-citizen child care assistance program:** 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.

Opportunities to further strengthen CCFAP

- **Income Eligibility:** Expanding CCFAP to more families, with rates based on the cost of care, is truly the key to unlocking this puzzle. It is crucial to be as bold as possible with CCFAP expansion—we must expand to cover enough families that there will be sufficient investment in the system in order for programs to be able to pay the increased compensation necessary to retain their employees. Expansion must also be carefully crafted so as to avoid benefits cliffs for middle-income families. Capping CCFAP expansion at 450% of FPL creates a dramatic cliff for families and risks not infusing sufficient resources into the system to truly solve the problem. We strongly recommend increasing income eligibility to at least 600% FPL in SFY 24 and 900% in SFY 25 in order to work towards a more affordable and equitable ECE system. If it is truly not possible to consider benefits that expansive in the next two years, then a “slope” must be created for middle-income families instead of a cliff, and intent language should be included in the bill to indicate to future legislatures that the intent is to continue progress toward the stated goal of no family in Vermont spending more than 10% of their income on child care.
- **Transition to a progressive sliding fee scale:** move away from the current flat-tiered CCFAP co-payment structure to a progressive sliding fee scale.
- **Categorical eligibility for early childhood educators:** make all early childhood educators 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 early childhood educators to qualify, a more targeted approach would be to establish categorical eligibility for all early childhood educators working in regulated child care programs. This supports recruitment and retention of people working in child care programs who have young children of their own.
- **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. Funding should be allocated to ensure that any expansion of CCFAP 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 Vermont’s Early Childhood Educators

The COVID-19 pandemic and the subsequent extremely competitive labor market have significantly impacted Vermont’s early childhood education workforce, driving hundreds of early childhood educators out of the field. In a recent survey of Vermont early childhood educators, 45.5% of those that have been in the field 5 years or less are considering leaving. When asked what they needed to stay in the field the number one response was “competitive wages”.⁴ In order to retain Vermont’s current early childhood educators and recruit new individuals, Vermont must strengthen existing workforce support programs, increase early childhood educator compensation, and create new opportunities to diversify the workforce and support current early childhood educators of color. These critical steps lay the foundation for forthcoming recommendations from Vermont’s early childhood education workforce in 2024 on how to better structure, resource, and sustain the field moving forward. S.56 contains some important provisions toward this goal:

- **Early Childhood Educator Scholarships:** Increased funding for early childhood educator scholarships and the removal of the sunset date for funding for the program.
- **Property tax relief for family child care homes:** Let's Grow Kids supports the bill's proposal to provide property tax relief for family child care home providers as well as property owners who rent space to family child care home programs.
- **Increased Wages for Early Childhood Educators:** Establishment of tiered professional compensation standards for members of the early childhood education field.

Opportunities to further strengthen supports for early childhood educators

- **ECE compensation:** S.56 would require DCF to work with BBF to create new, tiered compensation requirements for all child care programs receiving CCFAP funds. This is a cornerstone of the proposals in S.56. I cannot overstate how crucial it is to focus on this essential workforce. Without staff in early childhood education programs, we will never be able to expand capacity to meet the demand for child care in Vermont, and families will continue to lack access. This section of the bill can be strengthened by removing language specifically referencing kindergarten through third grade teacher compensation parity and instead directing DCF to work with Build Bright Futures, or, if possible, the Vermont Association for the Education of Young Children, the organization leading Vermont's Advancing as a Profession work, to develop minimum compensation standards for the field.
- **Health Insurance:** In addition to professional wages, early childhood educators need access to benefits, especially health insurance. According to research from 2021, many of Vermont's early childhood educators do not have access to affordable health insurance.⁵ As other states have considered this lack of access to benefits, places like Washington have ensured that early childhood educators are categorically eligible for health insurance through state health insurance exchanges.⁶ Let's Grow Kids recommends early childhood educators should be categorically eligible for a no- or low-cost silver-level health insurance plan through Vermont Health Connect beginning in 2024.
- **Funding for ECE retention grants:** While we work toward increased compensation, S.56 recommends providing additional funds in SFY24 for the retention grant program that was established last year. **We strongly recommend that this short-term ECE workforce support be structured as beneficiary payments, as opposed to grant payments.** The Child Development Division has struggled to move the 2022 funding out to child care centers through grantmaking and have consequently only been able to distribute a portion of the funds set aside for this purpose so far.
- **Provide funding for Vermont's Early Childhood Higher Education Consortium:** The Early Childhood Higher Education Consortium brings together leaders from Vermont's early childhood education higher education programs to create aligned professional preparation programs, ensure programs are utilizing national best practices, and discuss emerging considerations for higher education programs and the early childhood education field. Funding is needed to support facilitation of the Consortium and its work.

Challenges of S. 56

Dramatic Changes to Universal Pre-K

S.56 proposes sweeping changes to Vermont's universal pre-K program that we fear would have negative consequences. Vermont currently has some of the highest universal pre-K participation rates in the nation. As you heard from Dr. Connors-Tadros from NIEER, research shows that Act 166 allows for an equitable pre-K system in terms of program quality for families in rural and low-income areas of

the state, and that the current mixed delivery system reduces the need for transitions throughout the day and year for children in private programs who need additional child care beyond the 10 hours per week.

- **National best practice supports Vermont's current mixed delivery system.** By continuing to use a mixed delivery system to offer preschool education, Vermont can increase the number and diversity of programs serving children while maintaining evidence-based standards for effective quality programs.
- **National best practice supports providing UPK to three-year-olds.** In terms of access for 3-year-olds in publicly funded pre-k, Vermont ranks 2nd in the nation. 30% of 3-year-olds participated in Vermont's Universal Pre-K program in 2021. ⁷
- **Eliminating mixed delivery of UPK for four-year olds could negatively impact families.** Most working families need care for a full work day of at least 8 hours, but public school programs would likely be on a school day schedule which is much more limited, typically ending at 2:30 or 3:00. There are not many afterschool or summer programs for four year olds – and they are subject to different regulatory oversight than other afterschool programs – and multiple transitions during the day can be disruptive for young children.
- **UPK partner programs have indicated that eliminating mixed delivery in our UPK program would have a drastic negative impact on their operations and the children and families they serve.** Over 60% of children currently enrolled in universal pre-K in Vermont receive this early education in private partner programs. Although it might seem at first blush that moving four-year-olds out of community-based early childhood education programs and into public schools would free up space for infants and toddlers, it's not a simple calculus. Child care regulations rightly require more restrictive ratios of staff to children in infant classrooms than in preschool classrooms. Even with the added investment for birth to three included in S.56, programs' ability to access UPK funding for three- and four-year-olds is key to making child care work. This is especially true for the high-quality licensed family child care homes that currently partner with school districts to offer UPK, especially in the more rural areas of the state.
- **Child care programs are also very concerned about staffing.** Early childhood education programs around Vermont are struggling desperately to recruit and retain staff. Last year 86% of child care centers reported staffing shortages.⁸ If schools are working in the coming years to hire enough staff to run full-day UPK classrooms for all four-year-olds, they will be directly competing with child care programs. Although S.56 makes some very important investments in short-term payments to ECEs, and long-term compensation requirements that are crucial, it will likely still not be enough to compete with public school schedules and benefits. We need to do everything possible right now to promote hiring and retention of early childhood educators in child care programs, and a dramatic, mandatory expansion of school-based UPK programs could create a serious disruption to that important work.

ECE System Governance

Let's Grow Kids supports the governance proposal outlined in the Vermont Child Care and Early Childhood Education Systems Analysis report calling for a single, empowered leader to oversee a core cluster of key early childhood programs, including child care, universal pre-K, Children's Integrated Services, and Head Start.⁹ We worry that the governance changes proposed in S.56, while well-intentioned, further divide the early childhood education system and do not provide the empowered leadership within AHS that is required to oversee the scope of change proposed in the child care system as a whole.

Special Accommodation Grants

While S. 56 acknowledges that there are currently challenges with Vermont's Special Accommodation Grants, which provide funding to child care programs to meet the needs of children with specialized needs, and recommends studying potential longer-term solutions, immediate action is needed to better support children, early childhood educators, and child care programs.

In 2022, Let's Grow Kids consulted with early childhood educators and worked with the Vermont Family Network, Children's Integrated Services, and Head Start to survey families with children with specialized needs. Based on families' feedback and the input of partners and early childhood educators, Let's Grow Kids is proposing to reconfigure and expand Vermont's Special Accommodations Grant (SAG) program to better respond to individual children's needs and to increase training and support for child care programs to ensure more early childhood educators are well-prepared to support all children and their families. These changes need to begin this year:

- In SFY 24, transform SAG program to include two streams of funding, one for child care programs to meet specialized needs for individual children, administered by regional CIS teams, and a separate funding stream for child care programs to provide inclusive care, administered by quality coaches. The current SAG application process must also be dramatically streamlined and the current six-month eligibility cap should be extended to a 12-month eligibility determination in line with eligibility determination processes used by other social support programs in the state.
- In SFY 25, specialized child care and advanced specialized child care training should be made available at no cost to child care programs and DCF should be directed to work with higher education partners to integrate components of basic specialized child care training into curriculum and professional preparation pathways.

Conclusion

We at Let's Grow Kids are grateful to all of you for the time and attention you are dedicating to solving Vermont's child care crisis. The Financing Report that JFO and the RAND Corporation submitted to you lays out very clearly that this is a solvable problem. 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 banded 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.

The solution must include ongoing and long-term public investment to ensure: Every child who needs it has access to quality child care; families spend no more than 10% of their income on child care; and early childhood educators are fairly compensated. The solution must also improve the state's child care governance structure by creating a single empowered state entity to oversee the child care system. Additionally, please keep your focus on equity and accessibility, so that every child has access to care regardless of zip code, ability, racial or ethnic background, health needs, or family composition.

Thank you for your time and attention, and most importantly, your commitment to Vermont's youngest children.

Endnotes

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- ⁹ Regenstein, E., Patel, N. (July 2022). 'Vermont Child Care and Early Childhood Education Systems Analysis: Final Report.' Foresight Law+Policy. Retrieved from: https://legislature.vermont.gov/assets/Legislative-Reports/Vermont-Child-Care-and-Early-Childhood-Education-Systems-Analysis-Final-Report_July-2022.pdf