



Date: May 1, 2020

To: Susanne Young, Secretary, Agency of Administration
Adam Greshin, Commissioner, Department of Finance and Management

From: Aly Richards, CEO, Let's Grow Kids
Trey Martin, Chief Strategy Officer and General Counsel, Let's Grow Kids

Re: Investing in Vermont's Early Care & Education System to Support Vermont's
Economic Recovery

Dear Secretary Young and Commissioner Greshin:

On behalf of Vermont's child care industry, we want to express our gratitude to you and your colleagues in Governor Scott's administration for your work during this crisis to ensure that Vermont's early care and education workforce (ECE) is supported and our ECE system remains intact.

Our partnership is paying off. As of the morning of Tuesday, April 28, 1,149 essential workers have completed the Let's Grow Kids contact form for emergency child care, representing a total of 1,837 children through age 13. In response to their need, more than 30% of Vermont's regulated child care programs are providing this emergency child care. Additionally, hundreds of Vermont child care programs and Vermont families are benefiting from the Child Care Stabilization Program, which is allowing child care programs to continue to pay their staff and cover their on-going expenses such as rent, lease, or mortgage and utility bills; providing families with immediate economic relief; and ensuring families have child care slots to come back to when Vermont begins to reopen.

Our work in the past six weeks has also been focused on responding to the COVID-19 crisis, and we **provide highlights below** of what we have done and observed over that time as well as our **recommendations for critical investments** needed to continue support for the ECE industry.

The importance of this industry has never been more clear; high-quality, affordable child care delivers well documented returns on investment, economic resilience and demographic growth, while supporting the most vulnerable Vermonters. This puts child care alongside other critical sectors highlighted during the crisis: healthcare, broadband, and affordable housing. Addressing needs in these sectors should come first as Vermont begins the long work of reopening, jump-starting economic activity, and reinitiating plans for community stabilization and economic growth.

To that end, we urge policymakers to get a jump on the Governor's vision of cradle-to-career by increasing investments in child care (as well as higher education) by prioritizing CARES Act spending for the child care industry over the next seven months to support parents and ECE programs. The investments outlined below are necessary expenditures due to the public health emergency and not accounted for in the state's current budget, which would qualify them as possible CARES Act expenses according to the April 22nd federal CRF guidance.

LGK's Role in COVID-19 Child Care Response

Let's Grow Kids has been working alongside the State from the beginning of this crisis. Vermont was the first state in the nation to commit to ensuring that child care programs are ready to reopen when the time is right and it is safe to do so.

The two key components of LGK's response to the crisis are:

- **Supporting emergency child care for essential workers.** This has included connecting essential workers with the care they need, working with businesses to source and package supplies to child care programs offering emergency child care (such as PPE, thermometers, cleaning supplies, and toilet paper), and partnering with the state to help connect essential workers with informal care, including utilizing UVM medical students for in-home care.
- **Making sure Vermont's early care and education system is able to survive this crisis.** The National Association for the Education of Young Children estimated that the child care industry would have lost nearly 50% of child care businesses across the country in the first two weeks of the crisis absent state or federal intervention. Fortunately, this hasn't been the case in Vermont. We've worked with the state to help support the creation of the Child Care Stabilization Program, which set a standard for the nation and which means that the child care system will be able to bounce back more quickly in Vermont. We have worked to digest and communicate guidance coming from the Administration into accessible language for parents, providers, and businesses on our website (www.letsgrowkids.org/coronavirus).

Recommendations for Economic Recovery Investments in Vermont's Early Care & Education System

Vermont has emerged as a national leader in early care and education response during the COVID-19 crisis. As we look forward to recovery, we have the opportunity to continue to lead. The fact is, in order for our economy to reopen we must have a solid early care and education infrastructure or we risk additional economic and social harm. Federal funding from the CARES Act and subsequent legislation offers an opportunity for Vermont to invest in supports that will strengthen the early care and education system immediately and over the long term. Here are our recommendations about

where federal funds will best strengthen the early care and education system in three key areas:

1. Make crucial investments in Vermont's early care and education system infrastructure.

The IT system that currently supports Vermont's early care and education system and the state's Child Care Financial Assistance Program (CCFAP) is outdated, and therefore a major barrier to the kind of innovation and change needed to transform our child care system. In recent weeks, the IT system has made it much more difficult for the state to perform necessary functions to respond to the crisis, such as identifying child care programs willing to serve essential personnel children and getting stabilization payments out to providers. With a \$6 million, one-time investment through CARES Act funds, the state can purchase and implement a new IT system to effectively administer Vermont's ECE system through the COVID-19 recovery period and beyond. Although the state allocated one-time funds last year to plan for a new IT system, funding has not yet been appropriated to purchase and implement, and this is a key action that must be "taken to respond to the public health emergency" as outlined in CRF guidance.

2. Fund early educator supports needed to keep the field healthy, strong, and able to support the broader Vermont workforce in returning to work safely.

Vermont's Child Care Stabilization Program has offered concrete supports to many of our state's early childhood educators. However, early educators will continue to be at high risk for exposure to COVID-19 as the economy reopens. Recognizing that Vermont already had a shortage of qualified early educators before the health crisis, additional concrete supports will be needed during the economic recovery period to ensure these individuals are adequately compensated and supported. Vermont's economic recovery relies on the availability of child care, and thus a strong early childhood education workforce.

- **Continuing wage supplements for early childhood educators.** Early childhood educators support every other workforce, and yet they are some of the lowest paid workers in our state. The state has been providing additional funding for programs providing emergency care, some of which has been passed on to child care workers as wage supplements. Supplemental wage supports should continue for all early educators who will be working in difficult conditions in the coming months during the ongoing pandemic. These supplements are necessary expenditures due to the public health emergency, and not accounted for in current state budgets. We have previously estimated a wage supplement program to cost around \$12 million annually; the actual cost would depend on the level of wage support and the duration of payments as the pandemic continues.
- **Robust investments in early childhood teacher education, training, and professional development.** Scholarships for early educators and a

loan repayment support program will support the continued professional development of the workforce, including skills needed to support children and families through exceptionally challenging times, and support newer early educators struggling to make loan payments. We have previously estimated robust scholarships to cost about \$650,000 and a loan repayment support program at \$1.36 million annually; actual costs would depend on the scope of support provided and duration of supports.

3. Address affordability and support recovery through the Child Care Financial Assistance Program (CCFAP)

CCFAP has played a crucial role during the COVID-19 response and will likely be needed more than ever during Vermont's economic recovery period. It is estimated that between 25-35 percent of our workforce is unemployed at this time. It is important that CCFAP is well-positioned to best serve Vermont families and support early childhood educators as more Vermonters struggled to afford childcare than ever before.

- **Increase CCFAP Reimbursement Rates.** During the COVID-19 response, the state has been paying programs an additional \$125 per week for children of essential employees receiving emergency child care. While this is a much-needed increase for programs offering emergency child care, many programs report that the additional funding is barely enough to cover increased costs associated with additional staff needed to meet reduced ratios and the need to purchase PPE and additional disinfecting and sanitation supplies. Vermont should use the CARES Act funds to immediately increase CCFAP reimbursement rates to align with updated cost projections for the new cost of providing child care in a pandemic. Reimbursement rates can be revisited on a quarterly basis and adjusted appropriately to reflect updated COVID-19 protective measures and guidance.

When you think about what businesses and families will need on the other side of the crisis response phase, making sure our kids have a safe place where they will be nurtured must be one of the main pillars of recovery and long-term resilience. High-quality, affordable child care achieves both of those goals and is a critical component of our state's recovery from COVID-19.

Thank you for all that you are doing to support Vermont—including our youngest children—during this incredibly difficult time. We look forward to continuing to work together.