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**2008 Legislative Priorities
Fact Sheet:
Child Care Subsidy Program**

**Vermont's Future: Thriving Children
Today Mean Prosperous Communities Tomorrow**

All Vermont's children deserve an equal opportunity to succeed. Our future prosperity depends on it. Today's young children are tomorrow's workers, taxpayers, voters, and parents. Vermont's future growth and prosperity depend on our ability to provide our children with the opportunity to develop into healthy and productive citizens.

Science tells us that early experiences build the foundation for a child's brain architecture. The skills needed for both a child's and Vermont's future prosperity begin to develop early, through positive and nurturing interactions with adults at home and in the community.

When we fail to provide children with those positive, nurturing relationships, we put them at risk. Stress in early childhood – when combined with the absence of consistent, supportive relationships – may become "toxic" and chemically damage the developing brain architecture, leading to lifelong problems in learning, behavior, and physical and mental health. We know that supporting healthy child development is easier and more effective than trying to make up for damaging early experiences later on.

Changing demographics and the reality of Vermont's economy make child care an economic imperative for both parents and employers.

- Approximately 70% of children in Vermont are in out-of-home care during the workweek.* Our society has shifted to one where families have multiple jobs and many single parents are the sole supporter of their children. Having one parent at home with the children is the exception.
- Low-wage jobs in the service and retail industries are a growing part of Vermont's economy. Low wages make it difficult for children of low- and moderate-income families to have access to quality early learning experiences.

Over the years, Vermonters have been committed to providing quality services for our children. However, we are not investing adequately enough in these services to assure healthy development in the early years.

* U.S. Census Bureau, <http://nccic.acf.hhs.gov/statedata/statepro/display.cfm?state=Vermont>.

As a major pillar of the system that provides child development services, the Child Care Subsidy Program offers a clear way to support our children's future. All young children deserve equal opportunity to develop their potential. They need access – regardless of parent income or employment status – to quality child development experiences.

The Child Care Subsidy Program offers tuition assistance to low- and moderate-income parents, which helps make it possible for more children to have access to quality early learning experiences when their parents are working. In state fiscal year 2006, the Child Care Subsidy Program successfully provided tuition support to over 7,500 children.

However, there are two major gaps in the program. Eligibility guidelines are still set at 1999 levels, and current child care tuition assistance lags behind actual fees charged. This means that:

- Many working parents who could qualify for assistance do not, thus putting financial pressure on families and limiting their child care options to sometimes unstable arrangements of questionable quality.
- Parents who do get the support are receiving an amount that has not kept up with inflation. This means that they have to make up the difference between the subsidy paid and actual tuition, which further squeezes family budgets.
- If parents do not have the money to make up this difference, early childhood providers or programs often absorb the difference. The early childhood workforce ends up providing a critical service for much less money than it costs.
- The people who care for and educate our children are paid low wages. This makes it very hard to ensure that children are getting what they need to thrive: consistent caregivers who are trained in child development and understand what the developing brain needs.

The Kids Are Priority One Coalition recommends that the legislature:

- Increase eligibility guidelines over several years to match the current standard of living;
- Increase subsidy rates over several years so that they provide parents access to 75% of the child care offered in their area (as recommended by the federal government);
- Adjust eligibility guidelines and subsidy rates annually to keep pace with inflation.

By increasing the state's investment in the Child Care Subsidy Program, the legislature would:

- Increase parents' access to higher quality early learning experiences for their children because when subsidy rates more closely reflect actual costs, more programs are likely to accept children who receive a subsidy;
- Prevent cost-shifting to higher-income parents in an attempt to make up the difference between subsidy rates and actual costs;
- Guard against the current trend whereby providers absorb the difference between the subsidy rate and what parents can pay, putting added pressure on an industry so crucial to our workforce and employers.

For more information, contact: Barbara Postman, Kids Are Priority One Policy Coordinator, Voices for Vermont's Children, (802) 229-6377 or bpostman@voicesforvtkids.org.

Kids Are Priority One is Vermont's early childhood coalition of individuals, organizations and businesses committed to ensuring that every child in Vermont gets a good start.