



## Statement in Support for Investments into Ages 0-5 Early Childhood Education

Approved by the Board of Directors  
Ratified by the Membership on January 14, 2021

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In 2021 the Vermont Legislature and taxpayers will face a number of important fiscal matters, including the need to deal with a general fund revenue shortfall and increasing demands for public services that result from the COVID-19 economic downturn. In this challenging environment, the following statement of support conveys the urgency with which the Vermont Business Roundtable believes investments in Ages 0-5 should be addressed by stakeholders.

Vermont's workers are challenged to find affordable high-quality childcare. Today, 3 out of 5 of Vermont's youngest children do not have access to the daily care they need.<sup>1</sup> The COVID-19 pandemic has only exacerbated these challenges, increasing pressure on strained early childhood education programs (ECE) that cannot find and retain qualified educators.<sup>2</sup> As a result, Vermont's businesses face significant challenges in the recruitment and retention of workers, many of whom leave the workforce due to lack of affordable childcare.<sup>3</sup>

"Despite the important role of ECE in the development of a productive society and economy, widely divergent views persist over what kind of priority ECE should take in terms of public investments. In recent years, arguments within state government have concerned funding and the expansion of the K-12 system, rather than what means will benefit all our children. The Roundtable believes that the policy focus must be on children."<sup>4</sup>

To that end, the 100 CEO members of the Vermont Business Roundtable (Roundtable) conclude that public investment in ECE programs is the right thing to do for Vermont's employers and our economy, as well as for Vermont's workers, children, and young families.

The Vermont Business Roundtable pledges to work with Let's Grow Kids (LGK) to find a sustainable solution over the course of the next three years (2021-2023) that incorporates the following principles:

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<sup>1</sup> Let's Grow Kids (LGK) has identified a need of 21,000 childcare slots, of which only 8,000 high-quality slots are available; 12,000 childcare spaces are wanting.

<sup>2</sup> LGK has quantified the need for an additional 2,000 early educators to be recruited.

<sup>3</sup> LGK cites that VT families are spending nearly 30 percent of their income on child care.

<sup>4</sup> How We Can Avoid the Coming Workforce Crisis, Vermont Business Roundtable (2006).

- Investments in an ECE system for children ages 0-5 are **essential** to Vermont’s economy, and are urgently needed now to grow our workforce and population. Because of the long-term effects of the current economic crisis that is stifling business vitality and growth, disproportionately so for small employers, it is essential that there be candor and transparency among the stakeholders around the true costs of these investments and the unmet budget gap.
- ECE investments **must not wait** for the complex reforms that are needed to modernize Vermont’s K-12 education system.<sup>5</sup> Investments now will help to fuel a faster economic recovery from the COVID pandemic as families return to the workplace as quickly as spaces become available. Any and all proposed 0-5 system funding models must demonstrate a clear and sustainable Return on Investment.
- Stakeholders commit to engage in a **prudent, rational, and pragmatic process** to identify a new source of revenue that **must be evaluated and prioritized** according to sound fiscal policy characteristics including, among others, neutrality and competitiveness.<sup>6</sup> Parties agree to consider all alternative forms of revenues that meet these guidelines, and to consider broadened time frames if needed.
- Finally, ECE investments and the programs they fund require a governance and accountability system that is embedded with specific **performance metrics and timelines** to ensure that dedicated investments achieve their intended outcomes. Governance that incorporates meaningful private sector involvement, data-based methodologies, a focus on outcomes, and the discipline to regulate the system is essential to the success of any new implementation strategy.

The Roundtable looks forward to working with Let’s Grow Kids in the coming months and years to create a sustainable financial model to support Vermont’s Age 0-5 childcare system.

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<sup>5</sup> Vermont spends \$1.7B on K-12 education, or 28 percent of all state spending, according to Vermont Fiscal Facts 2020.

<sup>6</sup> Vermont’s State Income Tax in 2002: A Decision-making Framework, Vermont Business Roundtable, December 2001 (abridged).