



## **Need help paying for child care?**

Your child may qualify for the First Steps Scholarship Program

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# Early Learning Initiative Annual Report

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## Executive Summary

Access to child care, and in particular care for children three years old and under, has been an acute and chronic challenge in Burlington. Burlington has very few spots relative to its population size, and those spots are sought after by residents as well as families that work in and around the City. As a consequence, cost and availability limit options for residents and in particular for residents with less means. And, the market for child care providers has been broken – families cannot afford to pay the true cost of high-quality care, and as a result many high-quality centers depend on philanthropy or grants or have to limit their expenses. This can impact, for example, salaries of teachers who play a crucial role in our children’s development in their formative early years.

In 2017, Mayor Miro Weinberger launched an effort to increase capacity and create a scholarship program to make sure all residents had the opportunity to access high-quality child care. The results of the first 3 years – despite the significant impact of the pandemic – are promising:

- 38 percent increase in the number of high-quality child care slots for children 0 – 3 years old in Burlington
- 57 scholarships awarded to eligible families, with 23 children placed in the pilot year and 34 children placed in the second year, despite a pandemic and access challenges
- A scholarship program design that leverages an additional factor state funding for the local child care market at a ratio of greater than 2:1.

## Early Learning Capacity Grants

The successful Capacity Grant program helped increase high-quality infant/toddler child care spots in Burlington by 38% during the 3 years it has been available to the community. To date, the capacity grant program has helped create 92 new high-quality spots and stabilized 166 enrolled spots at high-quality programs in Burlington. Seventy-six of the new spots created are for children zero to three years old, and 15 are for children three to five years old.

The program has also helped create two new high-quality, accessible centers in Burlington – one off Riverside Avenue in partnership with Head Start and one in the downtown off St. Paul Street.

## ELI First Steps Scholarship Program

In less than two years, the ELI First Steps Scholarship Program has accepted 70 applications, offered child care spaces to 67 eligible families and successfully funded a total of 57 scholarships at 12 area child care providers. Of the enrolled families, 53 percent were single-parent households and 72 percent needed child care in part to support the return to or remaining in the workforce. Quickly pivoting with the COVID-19 pandemic, the scholarship program has continued to grow in the second year, increasing enrollment by nearly 50%. The overall goal of offering access and funding to the limited Burlington child care landscape gave low-income families the opportunity to prepare children for school and provide the necessary routine to

allow parents to become part of and stay in the workforce. The COVID-19 pandemic shut down and limited school openings during the current pandemic have proven child care is imperative for a vibrant community and sustainable life for both families and employers. ELI is in a position to serve in an essential role of the economic recovery and getting Burlingtonians back to work and businesses thriving again.

The scholarship program is designed in such a way as to help leverage available State financial assistance to increase all available funds in the Burlington market. With the support of the First Steps Scholarship Program, more families are able to access both high-quality child care and the State Child Care Financial Assistance Program (CCFAP). First Steps layers local dollars on top of CCFAP to make care truly affordable to families and tuition levels sustainable for child care programs. Every scholarship dollar generates more than double that amount in immediate, additional state funding support: a total of approximately \$246,000 ELI dollars spent to date has leveraged an additional \$514,000 in CCFAP funding for participating child care centers. The local funding also ensures tuition is truly affordable to families, limiting any copayments to 5% of the family income.

The increased revenues for child care programs have already created important impacts in the child care industry, which often operates on razor thin margins. Testimony from a partnering program confirmed, for example, stories of centers able to raise teacher salaries because of the stable funding provided in part by the First Steps Scholarship Program.

As studied through Vermont's Early Care & Learning Dividend, investment in early care and education can result in impressive returns over time, equaling as much as \$3.08 for every dollar invested by the government in the expansion of high-quality early care and education programs in a recent study (2017). Under this framework, the current investment in local scholarships should also help generate additional value to the community over time through special education, health care and other public spending savings and increases to earnings and tax base through participants and working parents.

The intentional design of the scholarship also factors in the importance of program improvement and necessary adjustments. Annual family and child care program surveys inform how the program is performing for those directly involved. Cost model adjustments allow for continued competitive scholarship rates that follow the annual step increases of child care programs' tuition. Ongoing evaluation keeps the scholarship program relevant and supporting the needs of the community.

**Table 1. Indicators of Success – First Steps Scholarship Program totals August 2019- January 2021**

Success Indicator	Outcome Measure
More children in high-quality child care	<ul style="list-style-type: none"> <li>• 70 applicants over two years</li> <li>• 67 scholarships offered over two years</li> <li>• 57 scholarships accepted for an <b>81% enrollment rate</b></li> <li>• 30 children currently enrolled as of February 2021</li> <li>• 7 families dropped out over the last 2 years</li> </ul>
Total Child Care Financial Assistance Program Funding secured for First Steps families	<ul style="list-style-type: none"> <li>• Year 1: \$222,957 additional state dollars</li> <li>• Year 2: \$293,245 additional state dollars (expected total at end of Aug. 2021)</li> </ul> <p><b>*A greater than 2:1 ratio of state vs local spending</b></p>
High-quality child care is available for children eligible for scholarship	<ul style="list-style-type: none"> <li>• 91% of applicants were offered a space</li> <li>• 38% increase in child care capacity funded through grants (high-quality, infant/toddler)</li> </ul>
Families have better economic well being	<ul style="list-style-type: none"> <li>• 53% were single parent households</li> <li>• 72% needed child care to get or stay employed</li> </ul>
Young children are more prepared for Pre-K and Kindergarten	<ul style="list-style-type: none"> <li>• 88% of scholarship recipients stayed enrolled through the two scholarship years</li> <li>• Enrolled children had attendance rate of 81% of open days*</li> </ul>

\*Note that scholarships are paid to programs based on enrollment not attendance during the COVID-19 shut downs, which extended from March into June/July 2020.

### Successful ELI First Steps Scholarship 2019 Pilot

The 2019-2020 pilot year of the ELI First Steps Scholarship Program achieved its goal of placing at least 20 eligible Burlington children in high-quality child care programs. Proven in the pilot year, family outreach throughout the application and enrollment process is imperative to the program's success cementing the need for a direct service position. Paula Bonnie, employed by Let's Grow Kids, serves in the Family Outreach & Engagement Coordinator role working directly with families to complete applications, gather necessary documents, and navigate child care centers' enrollment processes. Families that would struggle to navigate the detailed and in-depth process are now accessing care through the First Steps Scholarship Program.

Highlights of the pilot year of the ELI First Steps Scholarship Program:

- In the first year, 32 applications were received, 29 eligible families were offered spots, 23 accepted spots and began attending, and three families withdrew from the program in the first five months.
- Of these 29 families, 18 are single parent households, 24 need child care in order to get or retain employment, and seven speak a language other than English at home.
- The program costs in the first year were \$92,777.49, and this investment leveraged nearly \$223,000 additional State financial assistance program dollars.

### Scholarship Pilot in Detail

During the pilot year, the 23 children served were enrolled at 10 participating high-quality child care centers in and around Burlington, Vermont.

Like the ELI capacity grants, the ELI First Steps Scholarship Program also helps stabilize the partnering child care providers. It is well documented that the child care industry operates on razor thin margins and additional funding further supports the centers as a whole. Testimony from a partnering program confirmed the center was able to raise teacher salaries because of the stable funding provided in part by the First Steps Scholarship Program.

Through the first pilot year, the City invested \$92,777.49 in the 23 children served, averaging \$4,033.80 per child for one year of high-quality child care. Among all children who enrolled, the overall attendance rate through four quarters was 81% - that is, scholarship recipients, on average, attended child care 81% of available child care days. First Steps Scholarship follows the same attendance guidelines as the state financial assistance program, ensuring children are attending enough days to be considered enrolled in full-time care (26 hours/week) and for centers to bill for available CCFAP dollars. This established system keeps ELI funding focused on children utilizing the space and benefiting from the high-quality child care. The range of attendance for all children still in the program was from 52% to 93%. Excluding those who are no longer in the program, the average participating child received 116 days of high-quality child care as a result of First Steps Scholarship (out of an average of 141 open days during the 12-month period). In total, children

enrolled in this program received 2,242 days of high-quality child care over 12 months. It should be noted that this time frame includes COVID-19 shutdown during which there were approximately 10 weeks that all non-essential child care was closed from March through May, with many programs remaining closed into June or July. Those factors led to overall depressed attendance rates across the State.

Thirteen of the 23 (56%) scholarship recipients were also Reach Up beneficiaries. Reach Up is a state program that helps eligible parents gain job skills and find work so they can support their children. Of the 23 enrolled children in the pilot year, 6 (26%) were too old to receive a First Steps Scholarship for the 2020-2021 scholarship year.

### *Year 2: First Steps Scholarship Growth Beyond the Pilot and Despite a Pandemic*

Propelled by the pilot year success, the First Steps Scholarship Program opened the 2020-2021 application period just one week before COVID-19 shutdowns shuttered employers and child care providers. First Steps quickly pivoted, implementing changes to better serve the community by extending the 2020-2021 scholarship year application period. The importance of child care has been more apparent than ever and the following changes have encouraged more participation and furthered the reach of the scholarship program.

1. First Steps was designed to enroll children new to child care into high-quality spots, but with trying times for both families and child care centers, the First Steps Scholarship accepted applications from already enrolled families who experienced significant changes in income that brought them into the eligible range. This allowed those families that just missed the opportunity last year or those whose financial situation changed in 2020 to apply for scholarship assistance.
2. The application process also shifted to rolling enrollment instead of an application/enrollment deadline. This simple change has had dramatic impacts, allowing families to enroll when they need care and feel comfortable during the uncertain times. Centers are also able to encourage new families to apply for the scholarship throughout the year, instead of only a few months out of the year.
3. An adjustment in funding has ensured that child care is truly affordable for all families, limiting copayments to a maximum of 5% of family income while centers are receiving a fair and competitive tuition.
4. At the start of 2021, income eligibility requirements expanded to encompass families at or below 80% area median income (\$73,350 for a family of four). This expansion extends eligibility to all low-income Burlington families with age eligible children, offering support with tuition at high-quality child care programs.

The continued drive and quick changes helped ELI succeed in the important goal of supporting Burlington families and keeping children in high-quality care. The scholarship program listened to child care program and family feedback, supporting the ongoing evaluation and continuous improvement of the program. Informed adjustments better reflect the current conditions and challenges of today and keep First Steps relevant within the existing landscape. Using these changes and focusing on the practices to best support the

community, the First Steps Scholarship Program increased enrollment by nearly 50% with 34 families enrolled in 12 partner child care programs. Four new child care programs partnered with the scholarship program and all partner programs are supporting the growth of the program.

Applications and enrollments by the numbers, which grow and adjust as enrollment continues throughout the year:

- 27 new families applied for First Steps, with 12 families reapplying to continue receiving First Steps for the second year
- 6 children aged out of the program over the summer
- 38 children were qualified and offered scholarships, 26 new families in Year 2 and 12 families returning from the pilot year
- 34 families accepted the scholarship and enrolled at 12 area child care programs
- 30 families currently enrolled at 11 area child care programs as of February 2021
- 4 families chose not to enroll at programs after applying for First Steps
- 4 families dropped out of child care in 2020-2021, with a total of 7 families dropping from the First Steps Program over the last two scholarship years.

After just one year, the partner programs have quickly seen the benefit to the scholarship program and encouraged families to apply to the program. This is a great sign of confidence in the program, and it means the scholarship design is serving both families and centers well – creating new revenue streams for centers and matching families to open spots that work for them. Child care providers must buy in to the framework to further reach into the community and find those who could benefit most.

Further growth of the program is expected as the City works through a trying winter. First Steps is injecting more funding into the community by increasing all scholarships so no families have a copayment through June 30, 2021, centers receive more tuition, and families between 66% and 80% area median income can apply for assistance. Previously, families had to be at or below 65% AMI. Expanding to 80% AMI will bring more families into the program and provide more funding to those who need it most in trying economic times. Families between 66% (\$59,541 for a family of four) and 80% AMI (\$73,350 for a family of four) will receive a flat scholarship of \$125 per week to be put toward their child care tuition.



### ELI Capacity Grants

To date, the capacity grant program has awarded \$681,624 to help create up to 92 new high-quality spots, including supporting the creation of two new centers, and stabilize 166 enrolled spots at high-quality centers. The two new high-quality child care centers are located in downtown and off of Riverside Avenue. Seventy-six of the new spots created are for children zero to three years old, and 15 are for children three to five years old. Though about 350 children are born in Burlington each year, prior to the ELI program's inception, Let's Grow Kids estimates that there were only 201 high-quality child care spots in the City serving Burlington and non-Burlington families.

In addition to serving the young children of the community, it's important to note that four grant funded projects resulted in 8 new FTE jobs in 2020 helping to increase local employment with long term, community serving positions contributing spending and tax base to the area.

**Table 2. Capacity Grant Program Totals, 2017-2020**

Center	Total spots	Funding totals
YMCA	38 newly created, currently coming online	\$130,000
Sara Holbrook Community Center	8 newly created	\$150,000
Burlington Children's Space	51 stabilized through building ownership	\$150,000 (2-installments of \$75,000)
Champlain Valley Head Start (new child care center)	23 newly created	\$90,849
Pine Forest	69 stabilized and future expansion planning	\$50,000 (2 grants)
Full Circle Preschool	4 newly created and already enrolled	\$19,000 (2 grants)
Robin's Nest	46 improved by teacher/director certification	\$10,275
The Family Room	Community center stabilized; CCFAP start	\$45,000
Fletcher Free Library	50 students reached at home-based centers	\$17,300
Next Generation – Burlington (new child care center)	18 infant and toddler spaces	\$19,200

\*Early Head Start and Head Start child care spots. Children enrolled in Early Head Start are not eligible for a First Steps scholarship as they are already supported by both federal Head Start and state financial assistance dollars. Granting capacity dollars to these projects supports the greater community and expands high-quality child care opportunities for all low-income children.

## Capacity Grant Recipient Testimony

One grantee described the importance of the project:

*This project will serve one of the highest poverty neighborhoods in the state of Vermont (31.3% of residents of this neighborhood live below the poverty level) with high quality, affordable full school day child care. Beyond providing the time and opportunity for parents and caretakers to seek and maintain employment, families will benefit from the wide array of services offered by Head Start - services that promote school readiness, and include early education, health, nutrition, mental health, and services for children with special needs; family engagement, parent leadership development, family goal setting and social service supports.*

Another grantee offered a reminder of challenges faced in 2020 and how these grants provided capacity to pivot and creatively care for our youngest residents even in a crisis:

*When child cares closed down due to the pandemic, we had to rethink our options to continue sharing early literacy skills. Early on in the shutdown, ELOP coordinator Becca received an email from a volunteer who said she had immediately started leading Zoom story time with her provider and children, with each child tuning in from their respective homes. The provider had set this up as a way to remain connected during the pandemic, and had wanted her volunteer to be able to continue reading and singing with the children in her program every week. The inclusion of this volunteer in the Zoom routine demonstrates what an integral part of the child care environment this volunteer had become. This inspired ELOP coordinator Becca to reach out to other providers and ask if they would be interested in having Zoom story times. One provider said yes right away, and she was still serving two families who are essential workers. Becca led Zoom story times with this provider with the children who were still attending child care and two other families tuning in from their respective homes. Being able to see children face to face and seeing that parents/families value this program enough to participate in Zoom story times from home has been a bright spot throughout this time.*

## Appendences

Appendix A: The Beginning Goal

Appendix B: Planned Growth and Shifting ELI Funding

Appendix C: ELI First Steps Scholarship Program Design

## Appendix A: The Beginning Goal

The City of Burlington launched the Early Learning Initiative in 2017 to address the achievement gap faced by low-income children in Burlington. Investment in early childhood education prepares children for school, narrows the opportunity gap, improves future health outcomes, and reduces future public spending. According to a 2017 study, Vermont's Early Care and Learning Dividend, the return on investment for every additional dollar invested by the government to expand early learning opportunities soars to \$3.08. By investing City dollars, the effort is intended to increase availability of high-quality child care in general and for low-income families in particular. The Burlington Early Learning Initiative is among leaders nationally in its focus on infants and toddlers, with the long-term goal of the program to ensure that all Burlington children have the opportunity to succeed regardless of family income.

Low-income children are disproportionately likely to be developmentally behind their peers by the time they enter Kindergarten, to experience a widening achievement gap in later grades, and are more likely to experience a range of negative outcomes later in life. The Mayor and many others in the community concluded that it is necessary to incorporate new approaches to break the cycle of multi-generational poverty and truly meet the shifting needs of working families in a changing marketplace.

The Early Learning Initiative was developed in partnership with Let's Grow Kids and an advisory group of early childhood, health, and education experts. Throughout the process, the City team kept the following at the forefront to ensure the mission of the project stayed the course.

### Early Learning Initiative Guiding Principles:

- Program is child and family focused.
- Policies prioritize serving the youngest children living in poverty, including infants, toddlers, and two year ages until eligible for universal prekindergarten.
- Program structure must maximize impact on lowest income children.
- To ensure best outcomes, participating programs must be meeting or pursuing high-quality standards through state or national programs and participate in Vermont's Specialized Care provider program.
- Our partners who work and care for families and children will be included in development, review, and revision processes.
- Simplicity (administrative and for families) is an important consideration.
- A well-developed scholarship program can improve fiscal outcomes for early care and learning programs and is an important strategy for leveraging additional funding.
- Outcomes and evaluation will direct continuous improvement.

### Appendix B: Planned Growth and Shifting ELI Funding

In the first years of the program, funds were allocated to capacity grants to increase the number of high-quality child care spots and preserve at-risk high-quality spots, alleviating some of the strain on the existing landscape. This was an important step to set the stage for a future scholarship program, and following the Council-approved financial plan, funds shifted from supporting capacity expansion to supporting scholarships. This plan served as the project framework, always with the goal of providing families with scholarships to access high-quality care. The below chart illustrates how the annual \$500,000 allocation planned to move from capacity building into scholarship funding.

**Table 3. Early Learning Initiative Financial Planning for the Future**

	July 2018	July 2019	July 2020	July 2021
Capacity Building Grants	\$460,000	\$210,000	\$105,000	\$55,000
First Steps Scholarship		\$210,000	\$315,000	\$365,000

### Appendix C: ELI First Steps Scholarship Program Design

The ELI First Steps Scholarship Program focuses both on the necessary funding to access high-quality child care and connecting low-income families with high-quality care opportunities in the area. Program recipients, who must be Burlington residents, receive both a scholarship and access to enrollment in a spot in a high-quality child care program in the Burlington area. The City developed this approach in response to input from a wide range of community stakeholders, and is implementing a multi-pronged approach to tackle a many-layered problem more effectively. Simply providing funding is not enough and support to find and enroll in care is imperative for families and the success of the program. The design has benefited substantially from the input of many community stakeholders, including representatives from the City Council, Burlington School District, the UVM Medical Center, Head Start, the Vermont Community Loan Fund, and many child care providers. The pilot year of the scholarship program has also led to adjustments and updates to scholarship program delivery.

During the design phase, the program team worked to utilize all funding available to Vermont families. Scholarship funding layers on top of any financial assistance a family may receive through Vermont's Child Care Financial Assistance Program (CCFAP). CCFAP is available to children in protective custody and children whose families qualify based on income and a qualifying need such as work, education, or health status. Families receive financial assistance based on a sliding scale that accounts for family size. However, the reimbursement rates paid by CCFAP to early care and learning programs are often less than what high-quality programs charge for tuition. First Steps is designed to close the gap between the CCFAP payment rate and their child care program's tuition rate.

To effectively connect with families and child care programs, the team also created a Family Outreach & Engagement Coordinator role to work one-on-one with families interested in applying for the scholarship program.

Original Scholarship Program Design Eligibility:

- Any resident of Burlington aged 8 weeks to 3 years' old who is not yet eligible for Act 166 Universal Pre-K funding.
- A family income at or below 65% AMI, which equals \$59,540 for a family of four.
- Children not currently enrolled in high-quality child care or not currently receiving Child Care Financial Assistance Program (CCFAP) benefits.

As the COVID-19 Pandemic and subsequent economic downturn impacted Burlington, the City saw ELI First Steps Scholarship Program as a program that could quickly pivot and expand its reach into the community. Eligibility requirements were adjusted to support more children in high-quality care.

Adjustments included:

- Accepting families already enrolled in high-quality care who were impacted by the economic downturn and meet income eligibility guidelines
- Moving from an application deadline in the spring to rolling enrollment, encouraging families to enroll when they feel comfortable and need care
- Increasing the income requirements to 80% AMI, equaling \$73,350 for a family of four  
Continued requirement - Burlington resident aged 8 weeks to 3 years old, who is not yet eligible for Act 166 Universal Pre-K funding.

Funding has also been expanded to ensure child care is truly affordable for all enrolled families, limiting any copayments to 5% or less of family income. This adjustment keeps families in high-quality care with a sustainable tuition flowing to child care partners.