

Written Testimony for the House Committee on Education and Workforce,
Subcommittee on Early Childhood, Elementary, and Secondary Education hearing
“Who’s Watching the Kids? How Employers, Innovators, and Parents Are Solving America’s
Child Care Crunch”

Mr. Haden Polseno-Hensley
President and Co-Founder
Red Rooster Coffee Co. LLC
Floyd VA, 24091

Chairman Kiley, Ranking Member Bonamici, and members of the committee, good morning. I appreciate the opportunity to testify before the subcommittee today and thank you for convening a hearing on this critical topic. I should start by stating plainly that I am not an expert on child care or early childhood education, but I am an entrepreneur and a parent. My experience is that of an 'accidental tourist'—a small business owner who, along with my wife, naively set out to solve a personal child care problem without realizing how universal it was. Our naivete, perhaps, is what allowed a solution to be born.

In early 2018 my wife, Rose McCutchan, and I were expecting our second child. Together we own Red Rooster Coffee, a small specialty coffee roasting company and cafe business in Floyd, Virginia. Rose is our CFO, managing all payables, receivables, and daily bookkeeping. Therefore, the company's operations and financial health rely heavily on her work. Our second child, a daughter, was to be a welcome addition to our family (our son was just turning three years old) but we also felt a fair amount of trepidation regarding our ability to continue to work full time and maintain the rigors of owning and operating a small business. At the time, our son was part of a cobbled-together, informal childcare network involving family, Red Rooster employees, and close friends. This arrangement migrated from private homes to a rented office, and finally, into a walled-off space within the 11,000 sq ft building that we purchased for Red Rooster Coffee in 2017, a space that fortunately already had a kitchen and bathrooms. After a visit from the building official and the fire marshal, we realized we had to make a choice - either find a way to make the babysitting service official and legal, or shut it down. At the time, there were seven children in the loosely affiliated group, three babies on the way from Red Rooster employees (including our own) and several other employees looking for better childcare solutions.

I should mention here that the town and county of Floyd, Virginia are very rural, with an average of just 40 people per square mile, a median household income of about \$61,000 and a per capita income of around \$37,000. Many children are cared for by stay-at-home parents, grandparents, church groups, or home childcare businesses. The primary local daycare often had long waitlists and staffing issues, leading it to close in 2025. In 2018, its three-month waitlist and cost per day were prohibitive for many of our staff, constituting up to 50% of some employees' annual wages.

At our inflection point there came a bit of good luck: a local Montessori school had just completed state licensing through the Department of Social Services but was forced to close due to financial constraints. We immediately hired a teacher who had been instrumental in that licensing process to license our own facility, and she became our full-time Director shortly

thereafter. Yellow Hen Child Care was fully licensed by the end of June 2018 with 10 enrolled children, including our son. By October, enrollment grew to 13, including our infant daughter. At its peak, Yellow Hen served 24 children across various stages of need and parent work schedules.

At the inception of Yellow Hen, Rose and I decided that the mission would be to not only provide easy access to high quality childcare to our employees, but to make the care affordable. We started charging \$1.00 per hour for care, only raising it to \$2.00 in 2023. The coffee business has always subsidized the operational deficit, which peaked near \$90,000 annually. It should be noted that this has always been a financial burden for Red Rooster, in many years acting as a contributing factor in annual loss. However, the resulting contributions to our employees well-being, the culture of our company, and the retention of long term employees, has been overwhelmingly positive.

Of the twenty-four current employees working for the coffee roasting side of our business, fourteen have had children attend Yellow Hen Childcare at one point in their children's lives. Of those fourteen employees, nine of those folks have worked for us for five years or more and five have worked for us for over a decade. In short, the employees who utilize Yellow Hen are our most tenured and loyal staff. The results for retention are clear: onsite childcare fosters passionate, enthusiastic workers whose commitment often leads to leadership positions. One benefit that is less quantifiable is the increased level of community in our company, including the relationships between the children that have attended Yellow Hen together. The children are bonded together in a uniquely strong fashion, and adding to that bond, our employees know each other's children, which creates a fraternal feeling that is hard to replicate.

The investment by our company has not just been in our coffee business staff, but also in our child care staff. It has been our position that child care workers are historically undervalued, despite caring for our most precious assets - our children. Although we have not had the means to lavish limitless salaries on the childcare providers, we have always made sure that they are among the highest paid childcare providers in our county. That has resulted in the majority of the caregivers staying with us for five years or more, providing excellent care, and developing long lasting relationships with the kids and their parents.

Over the course of the past two years, our staff's needs have fundamentally changed. As our long-term workforce ages, the need for daily onsite infant and toddler care has declined. The facility was also dealt a substantial blow this fall with the resignation of our long-time director, Ella Zander. Subsequently, we have had to evolve Yellow Hen and our methods of providing childcare assistance to our employees. Given the DSS ratio requirements of teachers to children, we are no longer offering infant care at our facility. More recently, the few parents of the children that were not yet of school age made the decision to switch to a local pre-school that offered more socialization. Today, we are offering Yellow Hen as an after-care facility that also cares for the children of our staff when school is not in session, including Fridays, all holidays, and during the summer. We believe this is still a tremendous benefit to our staff, but we also wanted to find a new way to help support families with children. Thus was born our new Family Financial Assistance Program, which sets aside funds from Red Rooster with two options that families can choose from. The first is the Family Support & Enrichment fund that provides reimbursement for qualified childcare expenses, including extracurricular activities. And the second is an employer funded college savings plan through the Invest Virginia 529 program.

Through these two options, Red Rooster continues to support our working families, even as their need for early childhood education and care is on the decline.

In conclusion, I'd like to relate the story of Indya DiPietro, who has worked for us since she was 15 years old. Homeschooled with no college education, Indya is one of the brightest and most capable people in our workforce. At 21, she became a single mother, and began the intense but familiar struggle of juggling work and raising her daughter alone. The creation of Yellow Hen Child Care allowed Indya to return to working full-time in our cafe business, with her daughter being cared for by professionals just steps away. Over time, Indya's passion and dedication to Red Rooster led us to invest in her. Today, at 30 years old, she has earned 10% equity in the cafe company, and functions as that business's managing partner. Her daughter, Violet, now 9 years old, still attends Yellow Hen every day after school and during holidays and summers, and it has been a great joy of ours to watch them both grow. I sincerely believe that despite her gifts, Indya's career trajectory would have been much more difficult, if not impossible, without the creation of Yellow Hen Childcare.