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Testimony Regarding:
Proposed Bill No. 7077, An Act Concerning the State Budget for the Biennium Ending June 30, 2009, and Making Appropriations Therefor

Testimony of Peg Oliveira, Ph.D.
Appropriations Committee State Agency Public Hearing
February 16, 2007

Dear Senator Harp, Representative Merrill and distinguished members of the Appropriations Committee

My name is Peg Oliveira and I am a Senior Policy Fellow at Connecticut Voices for Children, a statewide research-based, non-profit organization that promotes the well being of children and families in Connecticut by advocating for strategic public investments and prudent public policies. I testify today on behalf of Connecticut Voices for Children with respect to the funding of the Care4Kids program in the Department of Social Services budget in Proposed Bill No. 7077.

The Early Childhood Education Cabinet's plan and the Governor's proposals to move Connecticut toward universal access to quality preschool through the State Department of Education School Readiness Programs and Department of Social Services State Funded Child Care Centers are to be commended. However, the proposed new investment is undermined by a continued lack of comparable growth in child care programs that are instrumental in supporting the foundation of the child care system for all working families regardless of the age of the child and the child care setting they choose to use.

We believe this committee should support legislation that will allow outdated Care4Kids childcare subsidy rates to be updated. Over the past several years, Connecticut has significantly reduced state funding for the Care4Kids program - leaving thousands of families without adequate childcare support and putting these children in harms way. Not only are these imagined "savings" short sighted when it comes to serving families in need, but they threaten Connecticut's receipt of federal funds.

The Department of Social Services' budget options recommend increasing Care4Kids rates. Importantly, DSS reports that it is challenged to document, as mandated by Child Care and Development Fund Regulations, how current payment rates allow for equal access for all parents at all available child care settings. In fact, DSS reports that Connecticut was "threatened" with a reduced federal reimbursement in the 1990's for low rates and is receiving similar messages now. We do not want to lose federal funds.

We urge the committee to look at two policy changes, as recommended in the DSS budget options, to help low income working families:

1. *Mandate an automatic adjustment every two years in the Care4 Kids reimbursement rate to licensed providers, commensurate with the results of the federally mandated biennial market rate survey.* The United States Department of Health and Human Services specifies that reimbursement rates that are set at the 75th percentile of the market rate are considered adequate to provide sufficient access to childcare.

In Connecticut, the subsidy is supposedly set at the 60th percentile. However, because reimbursement rates have not been updated in six years, current subsidy rates are, in fact, much lower. For example, currently the average reimbursement rate for a preschooler in a childcare center in Connecticut is \$157 per week. This rate reflects the 60th percentile of the price of care according to the 2001 Market Rate Survey. Because these rates have not been increased in six years, when compared to the 2005 Market Rate Survey, current rates are well below even the 50th percentile (\$165), and 13% below the 60th percentile of market rate the General Assembly set. It is estimated that an additional \$8.5 million allocation to Care4Kids is needed beyond the Governor's proposed budget to cover this update.

2. *Mandate reimbursement rates to home-based providers be increased commensurate with increases in the state minimum wage.* DSS regulations index unlicensed home-based family, friend and neighbor provider reimbursement rates to Connecticut's minimum wage, such that for each child, a provider receives one-third of the state minimum wage. In 2002, the family childcare reimbursement rate for full time care was \$89 per week per child. Despite an increase in the state minimum wage in 2004 and in 2006, the Care4Kids reimbursement rate has not been adjusted to reflect these increases. If indexed to reflect the current minimum wage, the reimbursement rate for full time care would be \$102 per week per child. It is estimated that an additional \$5 million allocation to Care4Kids is needed beyond the Governor's proposed budget to cover this update.

Thank you for the opportunity to testify in support of updated subsidy rates for Care4Kids, a program essential for working parents who struggle to provide affordable and quality childcare for their children.