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Testimony in Support of S.B. 391: An Act Concerning Child Care Subsidies for the Unemployed under the Care 4 Kids Program.

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Human Services Committee

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Senator Doyle, Representative Walker and distinguished Members of the Human Services Committee:

We submit this written testimony on behalf of Connecticut Voices for Children, an independent, research-based nonprofit organization dedicated to speaking up for children and youth in the policymaking process that has such a great impact on their lives.

I. Connecticut Voices for Children supports S.B. 391, and suggests including additional language which will ensure that legislative intent with regard to this program is respected and that parents and providers receive adequate notice about eligibility changes.

While Connecticut Voices for Children is in support of this legislation, the language requiring processing applications within 30 days simply codifies what is currently in DSS regulations. We believe, however, that this bill presents an opportunity to ensure that Care4Kids can fulfill its statutory purpose of supporting working parents. In order to take advantage of this opportunity, the following two provisions must be added to the bill:

- 1) As long as demand exists under current eligibility requirements, the full amount appropriated to the Care4Kids program must be spent on this program in the fiscal year.
- 2) The Department of Social Services may restrict eligibility if and only if it appears that demand will exceed the program's appropriation for the fiscal year, and in this instance, DSS must provide 60 days notice before the changes go into effect.

The first provision will ensure that legislative intent with regard to the Care4Kids program is respected, as it has not been in the past. In FY 2010, the legislature appropriated \$103.87 million for the Care4Kids program, money intended to allow parents to keep working and contributing to our economy. This amount was approximately equal to the amount spent on the program in FY 09. But the Department of Social Services, without legislative consultation or approval, chose to impose significant eligibility restrictions deliberately intended to limit FY 10 spending to \$93 million (the minimum expenditure required under the American Recovery and Reinvestment Act maintenance-of-effort requirement). Working parents earning under 50% of the state median income – parents who were *not* currently receiving Temporary Family Assistance and had not received Temporary Family Assistance within the past five years – were no longer eligible to

apply to the program. In other words, those parents who had been struggling to get by without state help were the ones excluded from the program. In six months, monthly enrollment in the program dropped from 22,175 to 16,953, a decrease of over 5,000 children.

We are concerned that the refusal of the Department of Social Services to expend the full amount appropriated to the Care 4 Kids program is a disregard of legislative intent. At any level of government, a separation of powers is necessary to provide a check on those who hold positions of authority. The legislature demonstrated that it values the importance of Care4Kids by including money to support the program in their budget. It is essential for good governance that the legislature is able to ensure that its instructions not be ignored by another branch.

The second provision, mandating 60-days notice of eligibility restrictions in the event of a possible program deficit, recognizes the needs of parents and child care providers and ensures that eligibility changes will be grounded in data and not based on a wait-and-see model.

The Department of Social Services currently has the ability to restrict eligibility at will and without any notice whatsoever. It exercised this power in May 2009, closing the program to a significant number of new applicants with only 7 hours notice. Thus, a parent who had started working that week, expecting to submit her Care4Kids application as soon as she received the first two pay stubs required by the program, was suddenly ineligible. Child care providers who had planned their budgets assuming a relatively stable number of Care4Kids participants found themselves in economic turmoil. Consequences were devastating.

Mandating 60-days notice would protect parents and providers but, equally important, it would force the Department of Social Services's actions to be data-driven. The eligibility restrictions imposed in May 2009 were seemingly not grounded in any projections based on previous years' data, despite the existence of such data. As a result, the drop in Care4Kids enrollment as a result of the May 2009 restrictions was much higher than expected, and the concomitant reduction in expenditures much greater than anticipated. Although the Department of Social Services re-opened Care4Kids in November 2009, as things currently stand, it is going to spend significantly less than \$93 million – the floor required by ARRA – by the end of the fiscal year, possibly as much as \$9 million less.

This means that the \$13 million in ARRA funds that Connecticut received via the Child Care Development Block Grant are at risk – unless the Department of Social Services takes some immediate action to ensure that \$93 million is spent on Care4Kids, we might have to return the \$13 million in ARRA funds.

Operating on a wait-and-see basis is not good government. If the Department of Social Services is allowed to impose eligibility restrictions if and only if it appears the program will go into deficit, and if 60-days notice must accompany those restrictions, the Department will be required to continually estimate and revisit projected spending for the fiscal year so that it will be aware at all times of estimated expenditures and be able to take necessary action. A more data-driven approach will also ensure that eligibility restrictions have the desired effect of driving expenditures down to, but not below, the appropriated amount for the program. The situation we are facing this year, where ARRA funds are at risk because the Department of Social Services failed to adequately project the likely results of its May restrictions, will thus not happen again.

In conclusion, we ask you to support SB 391, amended to include our recommendations that promote data-driven decision making and the implementation of legislative intent, in order to ensure that Care4Kids is structured to best serve the family and children that rely on this critical program.