

**Testimony Regarding Provisions Affecting the Department of Social Services in
HB 6350: An Act Concerning the Budget for the Biennium Ending June 30, 2015, and Other
Provisions Relating to Revenue**

Sarah Esty and Cyd Oppenheimer, J.D.
Appropriations Committee
February 22, 2013

Senator Harp, Representative Walker, and distinguished Members of the Appropriations Committee:

We are testifying today on behalf of Connecticut Voices for Children, an independent, research-based public education and advocacy organization that works statewide to promote the well-being of Connecticut's children, youth, and families.

We oppose the reduction of funding for Care4Kids proposed in HB 6350 and the associated restriction of program eligibility. The Governor's budget suggests a cut to Care4Kids of \$3.27 million (3%) in FY14 from the final FY 13 budget after rescissions, as well as ending eligibility for families earning between 50 and 75% of the state median income (SMI).

At present, families must be earning under 50% of SMI to become enrolled in Care4Kids, but they may continue to receive a child care subsidy as long as their income is below 75% of SMI. As their income rises, the parental share of the child care costs increases and the subsidy provided by the state declines. This allows for a gradual "phase-out" of Care4Kids benefits so that parents do not suddenly lose all their benefits when their income rises above 50% of SMI.

The proposed change would create a sharper cliff for families moving towards income sufficiency rather than the more gradual transition off of childcare subsidies under the current system. A small increase in pay could leave families ineligible for Care4Kids, and result in a net *loss* of income (the increase in pay being smaller than the lost child care subsidy). Ironically, working more and doing better could leave vulnerable families further behind.

For example, take a single working mother in Waterbury with a toddler and a preschooler earning 50% of SMI for a family of three - \$42,829 a year¹ or \$823.63 per week. Child care for her children would cost approximately \$454.90 per week,² or 55% of her income. Under current Care4Kids eligibility, if her income rose to \$830 per week, she would continue to receive \$274 per week in child care subsidies.³ With the proposed eligibility restrictions, after this small \$1 per day raise, the

¹ "Selected Annual Federal Poverty and State Median Income Guidelines," *Connecticut Department of Social Services* (July 1, 2012), available at: <http://www.ct.gov/dss/lib/dss/PDFs/PovSMI.pdf>

² This estimate uses the average cost of \$249.49/week for full time care for an infant/toddler in center-based care and \$205.41 for a preschooler in full-time center-based care in Connecticut. See, "Fee Analysis of Child Care Facilities in Connecticut," *2-1-1 Childcare, United Way of Connecticut* (February 5, 2013), available at: <http://www.211childcare.org/professionals/FeeCt.asp>

³ The Care4Kids payment for an infant in northwest Connecticut in full-time center-based care is \$199/week and \$158/week for a preschooler, for a total of \$357/week. This amount is reduced by the family fee, which is 10% for families with income between 50% and 75% SMI, or in this case \$83/week. Thus the total Care4Kids payment would be \$357-\$83=\$274/week. See, "Care4Kids Weekly Provider Reimbursement Rates," *Connecticut Department of Social Services* (January 1, 2002), available at: <http://test.ctcare4kids.com/files/2012/05/Rates.pdf>

working mother would lose all her subsidies and have to pay the full cost of child care – more than half of her weekly wages – resulting in a net decline in income of \$267 per week.

Because the state contribution declines as income increases, the cost savings to the state for eliminating the phase-out eligibility category are likely to be relatively small, yet they will have significant negative impacts on the affected families' abilities to raise themselves out of poverty and transition to self-sufficiency. **We therefore urge you to maintain funding for Care4Kids and retain current eligibility categories.**

Thank you for the opportunity to submit testimony.