Connecticut
Early Childhood
Alliance

Testimony of Merrill Gay
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Before the Human Services Committee
January 29, 2015

Senator Moore, Representative Abercrombie, and members of the Committee,

Thank you for the opportunity to testify today. My name is Merrill Gay, I am the Executive Director of the Connecticut Early Childhood Alliance, a statewide membership organization committed to ensuring that all children in Connecticut are healthy, safe and ready for lifelong success.

I am here to testify in support of House Bill 5357, An Act Increasing Access to Child Care Subsidies for Working Families.

In late 2014, the United Way released a study about the number of households whose income is barely enough to meet their basic needs. These ALICE households, called that because they are Asset Limited, Income Constrained, and Employed, represent 35% of Connecticut population.

One of the most expensive parts of the household budget for a family with young children is child care. With a combination of state and federal funds through the Child Care Development Block Grant (CCDBG), Connecticut operates a child care subsidy program called Care4Kids that helps fill the childcare affordability gap for struggling families.

House Bill 5357 would require the Office of Early Childhood to review the Care4Kids application and eligibility requirements. Now is the perfect time to do this, as Congress recently reauthorized CCDBG, and new federal guidelines are forthcoming. The Office will need to ensure that Connecticut's policies adhere to the new guidelines, but it is also an opportunity to address unintended challenges that families face when applying for this important program.

The Alliance supports House Bill 5357. We also suggest that the bill include language addressing some issues with the current Care4Kids program:

- **Eligibility cliffs** – Parents can enter the Care4Kids program if they earn less than 50% of State Median Income ($43,769 for a family of 3, $ 52,107 for a family of 4). However, if they get a raise at work and earn 51% of SMI, they are cut from the program. This often means the parent no longer can afford child care and because they can't afford childcare they lose their job. In the past, these families where allowed to roll into Priority Group 6, a designation for families earning between 51 and 75% of SMI. However, this was closed in last year's state budget implementer language. It affects only a very small number of people, but as you can imagine, it has devastating effects. The Alliance strongly supports reopening Priority Group 6 for rollovers only.
- **Eligibility Redetermination** – Currently state law requires redetermination every 8 months. This must be eliminated in order to meet the new federal guidelines which

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require at least 12 month eligibility. The Alliance supports leaving the redetermination unstated enabling the Office of Early Childhood, to set a longer eligibility period.

- **Provider Payment Rates** – The federal government requires states to conduct a biannual childcare market rate survey and recommends that the amount paid to childcare providers be equivalent to the 75th percentile of the market rate. In other words the care4kids voucher should be enough to buy services at 75% of the providers. The problem is that until last year's 3% increase, Connecticut based its rates on the 2001 market survey. The price of everything has gone up since 2001 and therefore parents with care4kids vouchers find that their voucher isn't enough to buy care at many programs. Things had gotten so bad that home daycare providers unionized. It was their contract negotiations that finally got providers that 3% increase last year. The home daycare providers contract includes 3% increases in each of the next three years. All providers should get those increases not just the home based providers if we want to assure that parents using the care4kids program can find providers that with take their voucher.

The Early Childhood Alliance is very happy with the improvements that the Office of Early Childhood has made to the care4kids since they took over the program last July. The federal reauthorization of the Childcare Development Block Grant requires that states make a number of changes and so this is an ideal time to carefully reexamine how we administer the program.