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January 29, 2015

Testimony before the Human Services Committee in support of
H.B. 5357: *AN ACT INCREASING ACCESS TO CHILD CARE SUBSIDIES FOR WORKING FAMILIES.*

Good Afternoon Senator Moore and Representative Abercrombie and Members of the Committee,

My name is Elizabeth Fraser; I am a policy analyst at the Connecticut Association for Human Services. CAHS works to reduce poverty and promote economic success through both policy and program work.

Our policy and program work at CAHS targets those families working to lift themselves out of poverty and into the middle class. Many of these struggling families are working low wage jobs, with varying hours and unpredictable schedules. To work at all, access to affordable child care is critical. According to the Connecticut United Way, *Alice Report*, a two parent family, with one infant and one preschool age child, must pay over $1500.00 a month in childcare expenses. This accounts for 28% of a "Household Survival Budget" and is a family's greatest expense.[1]

We support H.B. 5357 which seeks a study of the application and eligibility requirements for the federally and state funded, Care for Kids childcare subsidy program. However, we believe that more than a study is needed. We need to support low income, working families by taking action and making needed program modifications.

We have several recommendations:

Redetermination: We support Care for Kids eligibility be re-determined every 12 months rather than the existing 8 month time period.

The re-authorization of the federal Child Care Development Block Grant (CCDBG) has provided some much needed, positive changes to the federal Care for Kids regulations. In the coming months, the Office of Early Childhood will need to implement these changes in Connecticut. One of the federal changes extends the family eligibility redetermination period from 8 months to 12 months. This longer redetermination period will cut down on unnecessary and tedious paperwork for families, provide providers with a more secure business climate and will provide consistency of care for children.

[1] United Way Alice Report, (2014), Stephanie Hoopes Halpin, Ph.D.

CAHS supports a change in legislative language that follows the federal requirements and leaves the redetermination period at the discretion of the Office of Early Childhood.

Eligibility Cliffs: CAHS supports re-opening the Care for Kids Priority Category 6, allowing families who are already receiving Care for Kids to continue to be eligible if their family income increases to over 50% and up to 75% of the State Median Income.

Connecticut provides Care for Kids subsidies for those families earning less than 50% of State Median Income or about $51,586.00 for a family of four. This is far less than the amount of income needed for a "survival budget", let alone what is needed for actual family stability. [2] Unfortunately, if a family receives even a small increase in income that puts them over 50% of the SMI, they immediately become ineligible for the Care for Kids subsidy. This has the unintended consequences of having the family turn down a small raise to have continued eligibility, lose eligibility and not be able to work at all or find cheaper and possibly less appropriate childcare. This contradicts the steps we need to take to help low income, working families rise into the middle class.

In the 2014 Budget Implementer Bill, Priority Group 6 was formally closed and therefore the Office of Early Childhood is unable to make this option available for families ,(whose income has risen to exceed 50% of SMI), to roll over into this category. Access to PG 6 will need to be reinstated through the legislative process. We support legislation that will allow PG 6 to be opened and available at the discretion of the Office of Early Childhood.

Rates: Increase Care for Kids reimbursement rate allocated for center based providers to match the planned 2015 increase for the home based providers.

During the 2014 legislative session Care for Kids reimbursement rates for home care providers and center based programs each received a much-needed 3% increase. These increases were the first in 13 years. Although the rate increases were certainly appreciated, they were not close to covering the costs increases over the previous 13 year period.

This year, Care for Kids home based providers are due for another necessary and deserved 3% increase. CAHS strongly believes that this increase should be extended to all Care for Kids providers. We support increasing the reimbursement rates for center based providers at the same percentage rate of 3%.

This is a small increase in the reimbursement rate and will not nearly fill the gap left from 13 years of flat funding. However, it is a step that is necessary to begin to address the increasing cost of childcare and to ensure our centers can continue to operate. As we develop an early childhood system, we need to be coordinated and systematic. Raising rates for one type of

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The recently released, United Way, *ALICE Report* informs us that in Connecticut , a "survival budget" for a family of 4 (one preschooler and one infant) is $64,689. It would take 73% more income, or $111,632, for these families to reach the point of "financial stability." Despite efforts to achieve financial stability, these working families are often only one small crisis away from financial disaster.

provider and not another serves to provide another layer of division, rather than supporting a unifying system of care.

Parental Education and Training: CAHS supports making Care for Kids subsidies available for low income parents in need of education or training.

Many of our lowest income parents lack the education and/or training to gain viable employment. We know that the effects of poverty can have long lasting effects on parents and subsequently their children. Without needed education and family supports, there is little opportunity for these families to rise out of poverty. In Connecticut, Temporary Assistance for Families only provides childcare for short term education or training programs. However, longer term education or training is often necessary for a parent to reach a level of educational attainment that would allow for greater employability. Since education is not an eligible activity for Care for Kids subsidies, parents are unable to pursue the education necessary to reach a higher level of opportunity.

We know that the use of Care for Kids subsidies to support parent education would require a change in direction for this program. With federal regulations and budget constraints, it may or may not be a viable option at this time. However, we believe that this possibility must be considered, in order to truly help low-income parents advance toward self-sufficiency.

In closing, CAHS believes that if Connecticut wants to grow a strong middle class population, we must take steps to give low income, working families the means to do so. Modification to Care for Kids through H.B. 5357 is one of the steps in this process.