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**Testimony Re: H-7823 relating to Human Services, Child Care State Subsidies  
House Finance Committee – April 27, 2016  
Leanne Barrett, Senior Policy Analyst**

Rhode Island KIDS COUNT strongly supports H-7823 which begins to establish a modern child care tiered reimbursement rate system that links rates to the quality of care delivered. As of 2015, there are 38 states and the District of Columbia that have implemented tiered quality reimbursement rates with enhanced rates for higher quality child care providers. Rhode Island is the only state in New England without a tiered quality reimbursement rate system.

As a first step, this bill focuses on providing enhanced rates for infants and toddlers enrolled in child care programs that have achieved BrightStars ratings of 2, 3, 4, or 5 stars. Eventually, we would like to expand this methodology to provide enhanced rates for preschool children and school-age children in the Child Care Assistance Program (CCAP). The methodology proposed would ensure that rates for high-quality programs that meet the criteria for a 4 or 5 star rating are at the federally recommended level for high-quality care (the 75<sup>th</sup> percentile of a current market rate survey).

As some of you may recall, Rhode Island's landmark Starting Right child care legislation enacted in 1998 required regular adjustments to maintain payment levels at the 75<sup>th</sup> percentile of the biennial market rate survey. Unfortunately, during the recession the CCAP program was cut, rates were frozen, and the statutory language requiring rates to be regularly updated to the 75<sup>th</sup> percentile was repealed. At this time, it is not feasible to restore rates to the 75<sup>th</sup> percentile for all programs and all age groups, but it is critically important to ensure that high quality programs and programs that are on a quality improvement pathway receive rates that support and incentive higher quality care – particularly for infants and toddlers.

**Key Facts:**

- Current rates for infants and toddlers in child care centers are between the 12<sup>th</sup> and the 21<sup>st</sup> percentiles of the 2015 market rate survey (well below the average cost of care).
- Current rates for infants and toddlers in family child care homes are at the 55<sup>th</sup> percentile (at about the average cost).
- Approximately 78% of children in the CCAP program are enrolled in child care centers while 21% are enrolled in family child care homes.
- As of January 2016, approximately 51% of all infants and toddlers in CCAP are enrolled in a child care program with a BrightStars rating of 2 to 5 stars.
- All licensed programs serving families in the CCAP program are required through regulation to have a BrightStars rating.
- Average hourly wages for infant and toddler educators in Rhode Island child care programs ranges from \$9.70/hour for those with only a high school diploma to \$10.52/hour for those with an associate's degree to \$13.00/hour for those with a bachelor's degree.

This bill would set the rate for infants and toddlers in 2 star programs to be at the 55<sup>th</sup> percentile, in 3 star programs to be at the 65<sup>th</sup> percentile, and 4 and 5 star programs to be at the 75<sup>th</sup> percentile of the 2015 Market Rate Survey. The

bill also removes the requirement that state reimbursement rates always remain at or below the rates charged to private pay customers.

Recognizing the value of quality child care and the lessons learned by other states, the Rhode Island General Assembly passed legislation in 2007 that established the state's Quality Rating and Improvement System for child care and early learning programs. BrightStars was developed with the support of a Steering Committee led by the RI Department of Human Services, United Way of Rhode Island, and Rhode Island KIDS COUNT. National experts have provided advice and consultation to ensure that quality ratings are fair, accurate, and reflect national best practices.

Enhanced rates for infants and toddlers in high-quality child care will:

- Help address access issues for families with CCAP certificates that don't currently cover the cost of high-quality child care.
- Provide an incentive for programs to achieve and resources to maintain high-quality standards.
- Help providers increase wages so they can attract and retain more qualified and skilled early childhood educators.

Rhode Island KIDS COUNT strongly urges support for this first step at phasing in a tiered payment system that would incentivize and support access to high-quality child care. We estimate the cost of these proposed enhanced rates to be \$2 million. Governor Raimondo has identified tiered reimbursement rates for CCAP as a priority for consideration if funding can be identified.

Thank you for this opportunity to testify.