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## Testimony Re: H-5672 Rhode Island Child Care is Essential Act

House Finance Committee

April 8, 2021

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Mr. Chairman and members of the Committee, thank you for the opportunity to provide testimony today. **As a leader of the Right from the Start Campaign, Rhode Island KIDS COUNT strongly supports Representative Grace Diaz's Child Care is Essential Act, H-5672 and the SUBA** that will be introduced to change the number of tiered quality payment rates from 2 levels to 5 levels. Passage of the bill will:

- Permanently increase the rates for the Child Care Assistance Program for all age groups of children (birth through age 12) to meet federal standards for equal access and to establish tiered increases to promote quality.
- Provide a \$20/week bonus on top of the rate for infants under 18 months to support the increased staffing needed by babies.
- Cap family copayments at 7% of family income, the federal affordability standard.
- Restore eligibility for the CCAP program for low-income working families to 225% FPL, the level in place before the 2007 cuts and raise the exit eligibility to 300% FPL.

Rhode Island KIDS COUNT also supports Governor McKee's proposal to **invest \$6 million of new funds** for child care. The American Rescue Plan has allocated \$93 million in new federal funds to help Rhode Island families access high-quality child care, **with \$36 million being an increase in federal CCDBG funds for the state's Child Care Assistance Program and \$1 million in permanent new funding.** In addition, in December 2020, the Coronavirus Response and Relief Act allocated \$24 million in federal funds to Rhode Island for child care.

Recognizing that most families cannot afford to pay for high-quality child care and that resources are insufficient to pay child care educators a living wage, there is **significant national momentum to pass a significant permanent increase in federal funding for child care.**

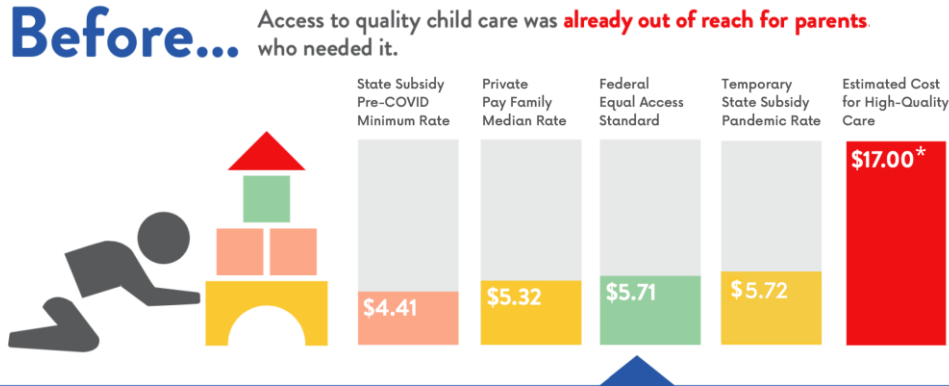
**Rhode Island allocates \$47 million less in state funding in 2021 than in 2005.** State funds are critical as these new federal dollars will require a match after a waiver period and the state economy and education system depends on a high-quality, affordable child care system.

We know that **child care educators, with an average wage of \$12/hour make among the lowest wages of any workers in the state** and that turnover is very high. We need to increase funding in order to raise wages and attract and retain effective early educators in child care.

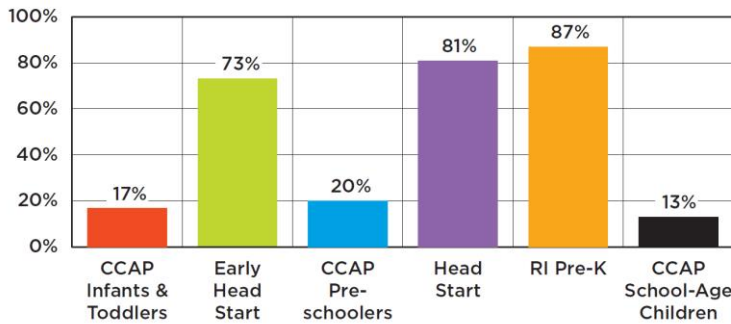
We know that enrollment in the Child Care Assistance Program is down by more than one-third. We know that a **family would need to earn**

**\$155,000 annually to cover the average annual tuition for one three-year-old** enrolled in a child care center (\$11,000/year and that is with the average wage for a child care worker at \$12/hour). We need to enable more low-income families to receive a subsidy by raising the entrance eligibility limit from the \$40,000/year to \$50,000/year for a family of three and let families keep their subsidy up to \$66,000/year.

**It is time to make systemic improvements to the Child Care Assistance Program**, including permanently increasing rates, improving care for infants, capping family copayments and restoring eligibility so more low-income, working families can have help paying for high-quality child care for children birth through age 12.



**PERCENTAGE OF CHILDREN IN HIGH-QUALITY PROGRAMS (4 OR 5 STARS), RHODE ISLAND, 2019-2020**



Source: CCAP data from Rhode Island Department of Human Services, December 2019; Early Head Start and Head Start data from Rhode Island Head Start programs, October 2019; RI Pre-K data from Rhode Island Department of Education, October 2019. Note: licensed family child care slots were evenly divided across age groups, estimated at 33% infants and toddlers, 33% preschoolers, and 33% school-age children.

## RI Child Care is Essential Act

At Least \$42 Million Needed to Help Working Families  
H-5672 (Diaz) & S-378 SUBA (Cano)



**Why Child Care?** Families need access to affordable, high-quality child care so parents can work and their children can grow, learn, and thrive.

**What is the Child Care Assistance Program?** The Rhode Island Child Care Assistance Program (CCAP) is managed by the Rhode Island Department of Human Services (DHS). Eligible low-income families are approved for a certificate they can use to enroll their child (birth – age 12) at a child care program that accepts the certificate.

**How do child care providers get paid?** DHS pays child care programs after care is delivered. Most families are assessed a copayment amount they pay to the provider, reducing the amount DHS pays the provider. Reimbursement rates are set in statute and are well below the federal equal access standard for almost all quality levels. In June 2020 due to the COVID-19 pandemic, the Governor implemented rate increases through Executive Order.

**How is the Child Care Assistance Program funded?** In FY 21, CCAP was funded with \$9 million in state general revenue dollars and \$57.6 million in federal funds. **State funding for child care is down \$47.2 million from 2005.** Governor McKee has proposed to increase CCAP funding by \$6 million. The American Rescue Plan provides \$1 million mandatory and \$36 million discretionary Child Care Development Block Grant funding for the state's child care subsidy program and another \$57 million in stabilization funding for child care.

### The Rhode Island Child Care is Essential Act:

- 1. Permanently Increases CCAP Rates.** Meet or exceed the federal equal access standard for all age groups and settings (75<sup>th</sup> percentile of the 2018 Market Rate Survey) with 5 quality tiers connected to the program's BrightStars quality rating to promote access to quality care. Rates for 5-star programs will meet or exceed the 90<sup>th</sup> percentile of the 2018 Market Rate Survey.
- 2. Provides Weekly Infant Care Bonuses.** Pay a \$20 weekly bonus payment to providers for each infant under 18 months in care on top of the rate to help with increased staffing needs and individualized care.
- 3. Caps Family Copayments at 7% of Family Income.** The federal affordability standard is 7% of family income. Some families using CCAP subsidy are charged copayments of 10% or 14% of family income.
- 4. Allows More Low-Income Working Families to Qualify for a CCAP Certificate.** In 2007, all working families with incomes over 180% FPL (\$39,528\*) were cut from the program. It is important to restore eligibility to families with incomes at or below 225% FPL (\$49,410\*) and allow families to retain their subsidy up to 300% FPL (\$65,880\*). \*family of 3 in 2021

Type of Care/Age Group	Rates in Statute	Current Rates as of June 2020	RI Child Care is Essential Act SUBA Proposed Rates	Governor Proposed Rates for FY22
<b>Center: Infants &amp; Toddlers</b>				
1 star	\$198.48	\$257.54	<b>\$256.75* (75th)</b>	\$222.38 (25 <sup>th</sup> )
2 star	\$203.32	\$257.54	<b>\$267.26*</b>	\$227.65
3 star	\$218.81	\$257.54	<b>\$277.79*</b>	\$239.96
4 star	\$232.37	\$257.54	<b>\$288.32*</b>	\$248.75
5 star	\$257.54	\$273.00	<b>\$298.85* (90<sup>th</sup>)</b>	\$257.74 (+75 <sup>th</sup> )
<b>Center: Preschoolers</b>				
1 star	\$165.75	\$195.67	<b>\$230.00 (75<sup>th</sup>)</b>	\$187.50 (25 <sup>th</sup> )
2 star	\$169.80	\$195.67	<b>\$235.14</b>	\$193.88
3 star	\$177.88	\$195.67	<b>\$240.30</b>	\$208.75
4 star	\$182.73	\$195.67	<b>\$245.46</b>	\$219.38
5 star	\$195.67	\$260.00	<b>\$250.62 (90<sup>th</sup>)</b>	\$230.00 (75 <sup>th</sup> )
<b>Center: School-Age Kids</b>				
1 star	\$146.26	\$200.00	<b>\$198.75 (75<sup>th</sup>)</b>	\$148.50 (25 <sup>th</sup> )
2 star	\$146.26	\$200.00	<b>\$202.43</b>	\$148.50
3 star	\$146.26	\$200.00	<b>\$206.12</b>	\$148.50
4 star	\$146.26	\$200.00	<b>\$209.81</b>	\$148.50
5 star	\$146.26	\$245.00	<b>\$213.50 (90<sup>th</sup>)</b>	\$148.50 (25 <sup>th</sup> )
<b>FCC: Infants &amp; Toddlers</b>				
1 star	\$188.59	\$224.43	<b>\$200.00* (75<sup>th</sup>)</b>	N/A
2 star	\$190.47	\$224.43	<b>\$208.11*</b>	N/A
3 star	\$201.79	\$224.43	<b>\$216.24*</b>	N/A
4 star	\$207.45	\$224.43	<b>\$224.37*</b>	N/A
5 star	\$224.43	\$224.43	<b>\$232.50* (90<sup>th</sup>)</b>	N/A
<b>FCC: Preschoolers</b>				
1 star	\$171.45	\$171.45	<b>\$191.50 (75<sup>th</sup>)</b>	N/A
2 star	\$171.45	\$171.45	<b>\$199.25</b>	N/A
3 star	\$171.45	\$171.45	<b>\$207.00</b>	N/A
4 star	\$171.45	\$171.45	<b>\$214.75</b>	N/A
5 star	\$171.45	\$171.45	<b>\$222.50 (90<sup>th</sup>)</b>	N/A
<b>FCC: School-Age Kids</b>				
1 star	\$162.30	\$162.30	<b>\$180.00 (75<sup>th</sup>)</b>	N/A
2 star	\$162.30	\$162.30	<b>\$185.00</b>	N/A
3 star	\$162.30	\$162.30	<b>\$190.00</b>	N/A
4 star	\$162.30	\$162.30	<b>\$195.00</b>	N/A
5 star	\$162.30	\$162.30	<b>\$200.00 (90<sup>th</sup>)</b>	N/A

\* RI Child Care is Essential Act would also require a \$20/week payment on top of this rate for all infants under 18 months.