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Testimony Re: H-5281, Child Care is Essential
House Finance Committee
May 22, 2025
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Policy & Strategy



Rhode Island KIDS COUNT coordinates the Right from the Start Campaign, a state policy coalition led by eight organizations to advance state policies and budget priorities that will help families with young children.

Both Rhode Island KIDS COUNT and the Right from the Start Campaign strongly support Representative Grace Diaz's Child Care is Essential Act, H-5281 which would create a new statute for child care (separate from RI Works cash assistance) and reform state law to meet national benchmarks for Rhode Island's Child Care Assistance Program.

Families across the state are struggling to find and pay for quality child care so they can work, and child care programs are struggling to offer competitive wages so they can find and keep skilled educators.

The bill would significantly expand family eligibility for child care assistance to join at least 18 states in the country including Arkansas, California, **Connecticut**, Kansas, Kentucky, Louisiana, **Maine**, **Massachusetts**, **New Hampshire**, New Mexico, **New York**, Oklahoma, South Carolina, Tennessee, Texas, Utah, **Vermont**, and Virginia that allow all working families with incomes at or below the federal benchmark of 85% of State Median Income to receive assistance paying for child care. Rhode Island made considerable progress in 2024 by expanding eligibility to 261% of the Federal Poverty Level but is currently the only state in the northeast that does not meet or exceed this federal benchmark for child care eligibility. This bill would also adjust the "exit" limit up from 300% of poverty so that families can retain the subsidy up to the State Median Income.

The bill would also **remove the outdated requirement that families participate in child support enforcement** activities as a condition of eligibility – a requirement that only 9 states currently impose. Senator DiMario has a separate bill solely focused on this reform which has already passed the full Senate.

In 2024, the General Assembly enacted a 5% rate increase for child care centers serving children in the Child Care Assistance Program to match rate increases provided to family child care programs through collective bargaining. **However, significant rate increases are still needed, particularly for infant toddler care, to comply with the federal equal access benchmark** which was established to help ensure state rates would allow low-wage families with a child care subsidy to access 75% of the private market. As of 2024, 16 states (Arkansas, Colorado, Iowa, Louisiana, Maryland, Minnesota, Mississippi, Missouri, Nebraska, New Mexico, **New York**, North Dakota, Oregon, South Carolina, **Vermont**, and Virginia) and the District of Columbia set rates that meet or exceed the federal equal access benchmark.

In addition, to help address the severe shortage of quality infant care, this bill asks the state **to set an infant rate that is 50% higher than the toddler rate to help fund the increased staffing needed for the health and safety of babies as young as 6 weeks.** Higher rates for infants are an effective strategy to help address the staffing crisis which keeps many classrooms closed. According to state licensing standards which meet national health and safety recommendations, one teacher can care for 4 infants under 18 months but can care for 6 toddlers 18 months up to age 3.

Lastly, the bill asks the state to establish payment practices in compliance with new federal rules which require governments to pay child care providers according to practices common in the private market, **including paying in advance of care delivery, paying annual registration fees, and establishing payment rates that cover the hours of care working families need.**

Rhode Island has cut at least \$46 million in state general revenue from the Child Care Assistance Program since 2005. The statewide labor shortage, particularly in female dominated fields, is related to the fact that the vast majority of families cannot afford the cost of child care without a subsidy. Using the federal affordability standard, families need to earn at least \$241,000/year to pay the average cost of care for one infant enrolled in an average center that pays staff close to minimum wage.

Thank you for this opportunity to provide testimony. The Child Care is Essential Act will help Rhode Island meet national standards and become a leader in meeting the needs of working families and their children.

Child Care is Essential 2025

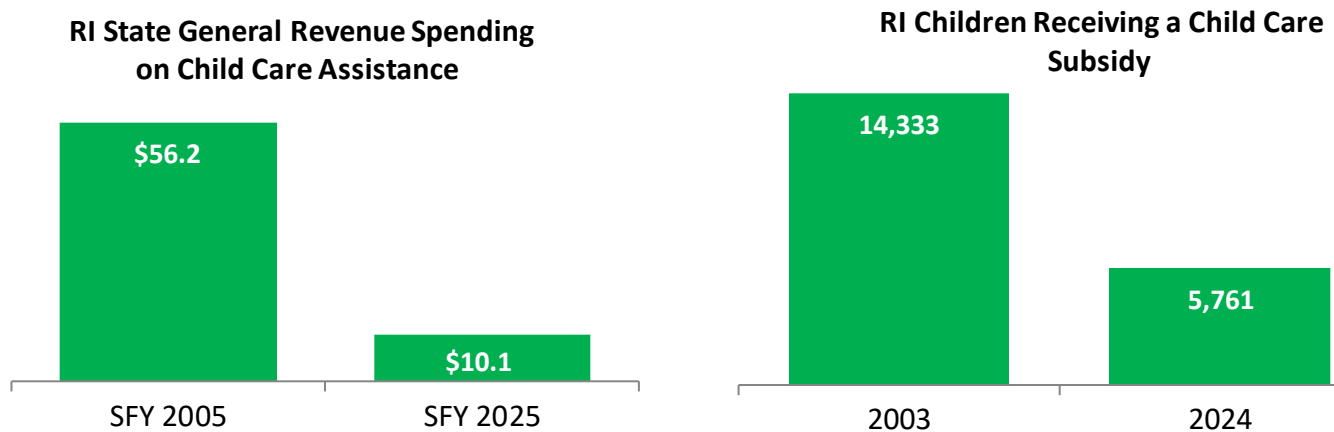
[H-5281](#) (Diaz)/ [S-0240](#) (Vargas)



Right from the
Start

Families need access to affordable, high-quality child care so parents can work, and children can learn and thrive. **Experts agree that 9 out of 10 families cannot afford child care.** The average cost of child care for an infant enrolled in a Rhode Island licensed child care center is \$16,899/year. Using the federal affordability guidelines, this makes infant care unaffordable for any Rhode Island family earning less than \$241,000/year.

Fewer Families Helped Now Compared to 20+ Years Ago



The 2025 Rhode Island Child Care is Essential Act

- 1. Allows more families to qualify for the RI Child Care Assistance Program** by raising the family income limits to qualify for the Child Care Assistance Program to the federal Child Care and Development Block Grant benchmark, 85% of the state median family income and raises the “exit” income limit to 100% of the state median family income.
- 2. Eliminates child support enforcement as an eligibility requirement.** Rhode Island would join 41 other states by keeping child care eligibility aligned with all other early learning programs that do not require families to establish paternity/parentage or seek child support to participate.
- 3. Creates a separate rate for infants under the age of 18 months that is 50% higher than the toddler rate** to provide revenue parity with toddler classrooms so that the wages of infant teachers can be increased, closed infant classrooms can reopen, and waiting lists can be shortened.
- 4. Adjusts rates for the RI Child Care Assistance Program to comply with the federal equal access standard** by meeting or exceeding the current federal equal access standard (75th percentile of the 2024 RI Child Care Market Rate Survey) for all ages and settings.
- 5. Adopts payment practices in alignment with the 2024 federal rules** for the Child Care Development Fund to mirror payment practices in the private child care market.

The Rhode Island Child Care Assistance Program (CCAP) is managed by the Rhode Island Department of Human Services (DHS) and helps families pay for child care. Eligible low-income families are approved for a certificate they can use to enroll their children (birth – age 12) at a child care program that accepts the certificate. DHS pays child care programs based on rates that are set in statute. Some families are assessed a copayment that they pay directly to the child care program.

Helping More Families - Current and Proposed Family Income Eligibility Limits for Family of 3

	Current RI Law 2025	Child Care is Essential Goal
Entrance	\$69,557 ≤ 261% of the federal poverty level	\$89,484 ≤85% of State Median Family Income*
Exit	\$79,950 ≤ 300% of the federal poverty level	\$105,276 ≤100% of State Median Family Income*

*Federal Eligibility Benchmark. States use the LIHEAP method to calculate.

Note: There are at least 18 states that meet or exceed the federal benchmark for child care eligibility (85% of State Median Income), including **Connecticut, Maine, Massachusetts, New Hampshire, New York, and Vermont.**

Addressing the Infant Care Shortage

The Child Care is Essential bill provides a 50% CCAP rate increase for infants under age 18 months to account for the increased staffing requirements for infants (4 infants for 1 teacher) versus toddlers (6 toddlers for 1 teacher).

Adjusting Child Care Assistance Program Rates to Meet Federal Equal Access Standards

	1 Star	2 Stars	3 Stars	4 Stars	5 Stars
Infant/Toddler Current Rate	\$278	\$284	\$296	\$303	\$315
Infant/Toddler Proposed Rate	\$356*	\$363	\$371	\$378	\$385
Preschool Current Rate	\$236	\$247	\$255	\$263	\$273
Preschool Proposed Rate	\$312*	\$320	\$329	\$337	\$345
School-Age Current Rate	\$210	\$215	\$231	\$250	\$263
School-Age Proposed Rate	\$280*	\$287	\$295	\$303	\$310

* Equal Access Benchmark (75th percentile of the 2024 RI Child Care Market Rate Survey)

Note: There are 17 states that meet or exceed the federal equal access standard for rates (75th percentile of the Market Rate Survey), including **New York and Vermont.**

Adopting Payment Practices Consistent with Federal Rules

- Adopts a **prospective payment methodology**, paying for child care at the beginning of the service period rather than after it is over, to comply with federal rules.
- **Establishes a definition for full-time care** (30-45 hours per week), create a new definition for children who need more than 45 hours of care per week **“super full-time care”** (45 – 60 hours per week), and establish a rule that no child will be enrolled in the Child Care Assistance Program for more than 60 hours per week.
- Requires the Department of Human Services to pay an **annual registration fee for each child enrolled in a child care center** through the Child Care Assistance Program equivalent to the amount paid to family child care providers.