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Testimony Re: Budget Article 13, Section 6, Rates established for the Rhode Island Child Care Assistance Program

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 the allocation of at least $6 million in new funding to the Child Care Assistance Program in the FY22 state budget** to increase the statutory rates paid to child care programs that serve children of eligible, low-income working parents.

As you know, the rates currently in statute are extremely low and well below the federal equal access standard that ensures low-income children have access to the available market of child care programs. After **receiving warnings about low rates** that appeared to not meet the federal requirement in 2016, in 2019 the state received a formal letter from the federal government **citing the state for non-compliance and requiring immediate increase in the rates** to be at or above the 25th percentile of the most recent market rate survey. No progress was made in the 2019 or 2020 session to increase rates. The state is subject to fines/withholding of federal funding if rates are not increased.

In June 2020, Governor Raimondo issued an Executive Order that significantly increased rates for the Child Care Assistance Program. The Executive Order was extended on a month-by-month basis and Governor McKee has extended these rates through June 2021. These increased rate levels have been a huge support to child care programs across the state.

Rhode Island KIDS COUNT **supports Governor McKee's proposal to invest $6 million of new funds** to increase the statutory rates paid to providers serving children in the Child Care Assistance Program. **However, the rates proposed in Article 13, Section 6 are well below the rates currently paid to child care programs under Executive Order (see attached chart).** If these rates were to go into effect in July, programs across the state would see a substantial decrease in revenue and some may no longer be able to operate. **We urge the General Assembly to adopt rates in statute that are proposed in Rep. Diaz's Child Care is Essential bill.**

We need to make significant, permanent investments in child care to ensure families and child care programs can count on funding to provide adequate staffing and maintain critical health and safety precautions, such as small, stable groups of children and staff – which is actually high-quality practice even when there isn't a pandemic.

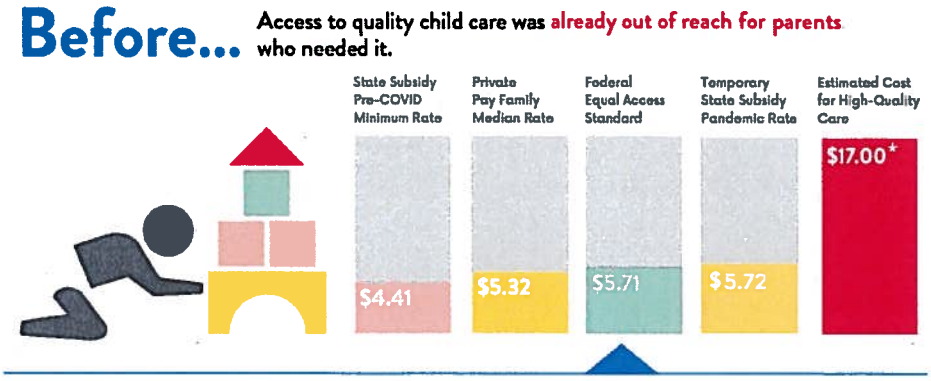
The American Rescue Plan has allocated $93 million in new federal funds to help Rhode Island families access high-quality child care, **with $36 million being an increase in federal CCDBG funds for the state's Child Care Assistance Program and $1 million in permanent new funding.** In addition, in December 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.**

We need to increase state funding for child care as well. **Rhode Island allocates $47 million less in state funding in 2021 than in 2005.** State funds are critical as 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 continue to hear about significant staffing crisis in child care due to low wages and inadequate compensation. 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 which is not good for children or for programs that are constantly needing to hire and train new staff who don't stay long. We need to increase funding in order to raise wages and attract and retain effective early educators in child care.

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.



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
Center: Infants & Toddlers				
1 star	$198.48	$257.54	**$256.75* (75th)**	$222.38 (25th)
2 star	$203.32	$257.54	**$267.26***	$227.65
3 star	$218.81	$257.54	**$277.79***	$239.96
4 star	$232.37	$257.54	**$288.32***	$248.75
5 star	$257.54	$273.00	**$298.85* (90th)**	$257.74 (+75th)
Center: Preschoolers				
1 star	$165.75	$195.67	**$230.00 (75th)**	$187.50 (25th)
2 star	$169.80	$195.67	**$235.14**	$193.88
3 star	$177.88	$195.67	**$240.30**	$208.75
4 star	$182.73	$195.67	**$245.46**	$219.38
5 star	$195.67	$260.00	**$250.62 (90th)**	$230.00 (75th)
Center: School-Age Kids				
1 star	$146.26	$200.00	**$198.75 (75th)**	$148.50 (25th)
2 star	$146.26	$200.00	**$202.43**	$148.50
3 star	$146.26	$200.00	**$206.12**	$148.50
4 star	$146.26	$200.00	**$209.81**	$148.50
5 star	$146.26	$245.00	**$213.50 (90th)**	$148.50 (25th)
FCC: Infants & Toddlers				
1 star	$188.59	$224.43	**$200.00* (75th)**	N/A
2 star	$190.47	$224.43	**$208.11***	N/A
3 star	$201.79	$224.43	**$216.24***	N/A
4 star	$207.45	$224.43	**$224.37***	N/A
5 star	$224.43	$224.43	**$232.50* (90th)**	N/A
FCC: Preschoolers				
1 star	$171.45	$171.45	**$191.50 (75th)**	N/A
2 star	$171.45	$171.45	**$199.25**	N/A
3 star	$171.45	$171.45	**$207.00**	N/A
4 star	$171.45	$171.45	**$214.75**	N/A
5 star	$171.45	$171.45	**$222.50 (90th)**	N/A
FCC: School-Age Kids				
1 star	$162.30	$162.30	**$180.00 (75th)**	N/A
2 star	$162.30	$162.30	**$185.00**	N/A
3 star	$162.30	$162.30	**$190.00**	N/A
4 star	$162.30	$162.30	**$195.00**	N/A
5 star	$162.30	$162.30	**$200.00 (90th)**	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.