



Child Care

The foundation to student success and a resilient economy

Senate Finance Hearing 10.27.21



Early Learning Matters

For Children: Increases literacy & fosters future success

Children who attended high-quality early childhood programs and read on grade level in 3rd grade are:

- 18% more likely to graduate from high school
- 40% less likely to be arrested for a violent crime by 18
- 28% less likely to be placed in special education
- 26% less likely to be retained in a grade

For Working Families: Makes RI a great place to live & raise children

- In D.C., universal pre-K led to a **10% increase in the employment of mothers** with young children
- Child care helps parents **return to work and generate an additional \$79,000 in lifetime earnings** for mothers
- 44% of parents reported that the lack of child care resources was a barrier to working during the pandemic
- In the September jobs report, women lost 26,000 jobs

For Small Businesses: Supports women-owned small businesses

Investing in early childhood not only helps working mothers, but it also helps the women who own and work at these businesses:

- Almost all of the **850+ child care sites** in Rhode Island are led or owned by women
- The **workforce within child care is almost entirely female**, and unlike K-12, is much more diverse

For Rhode Island's Economy: Creates a reliable workforce

- Providing child care **decreases employee absences** by up to 30% and job turnover by up to 60%
- Across RI, the child care industry has an **estimated economic impact \$332 million**, including revenue generated by child care providers and spillover or related productivity in other sectors
- The child care sector sustains **8,200+ jobs throughout the state**

Enabling the Economy

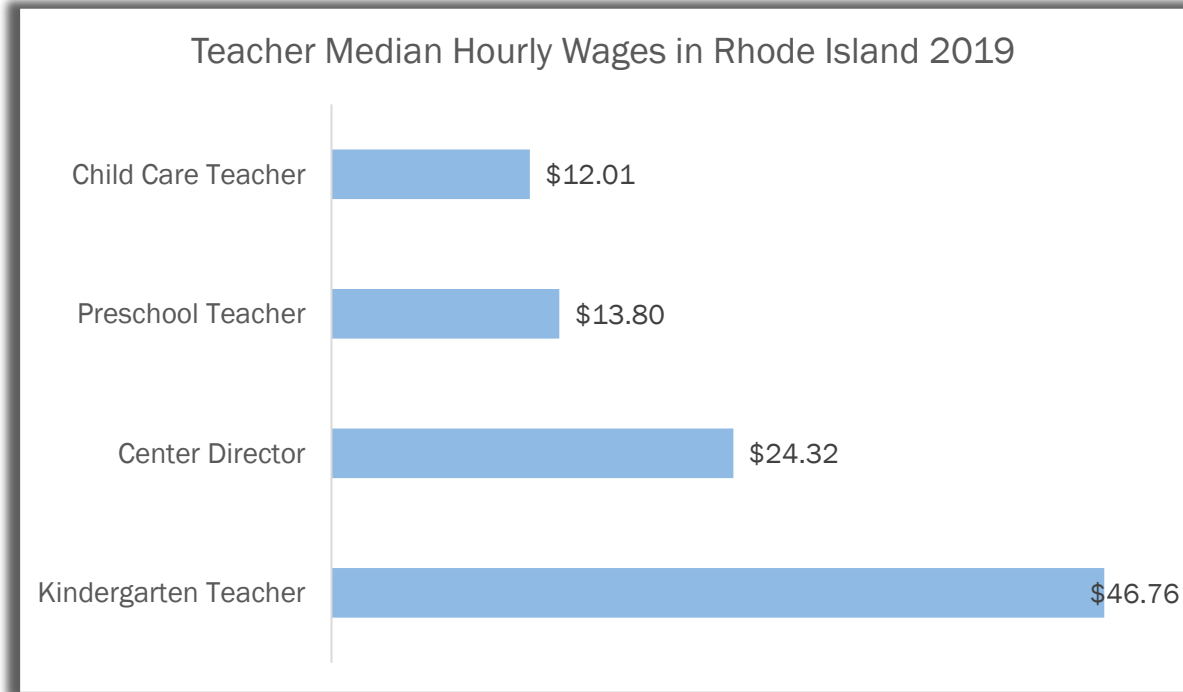
Caregivers – especially moms – are struggling to re-enter the workforce because of a lack of child care, which is holding back the entire economy.

- Businesses across RI are struggling to find workers to fill open positions
- The most recent jobs report demonstrates that the lack of child care is exacerbating the workforce shortages in other areas of the economy.
- Of all jobs added nationally in August 2021, **only 11.9% went to women**, which is partially due to ongoing lack of child care



Stabilizing the Workforce to Meet Family Demand

“I’ve seen early childhood educators forced to choose between paying their phone bill and being able to afford health care bills. I know of classroom teachers working two jobs to make ends meet, despite working long hours in a high-stress job. It’s not sustainable” – Kayla Arruda, child care program administrator



- In RI, child care educators on average make **\$12/hour**, much less than the wages offered in other sectors, especially right now as all industries look for employees
- In a recent national survey, the National Association for the Education of Young Children found that **80% of respondents from child care centers reported a staffing shortage**. Half of them are serving fewer children; one in every three have a longer waitlist or are unable to open classrooms; and one in every four have reduced their operating hours.
- **78% of respondents identified low wages as the main obstacle to recruitment of educators**, while 81% percent said they are a key reason that educators leave.

FY22 Supplemental Budget: Child Care

Support child care providers in attracting and retaining staff in child care in order to open new classrooms and ensure existing classrooms can stay open.

- Retain the existing workforce and attract new workers by offering **\$1000 retention bonuses** to educators who stay in their positions for 6 months, 2x a year
 - Available for 8,200+ child care educators who support the education and development of RI's youngest learners
 - Supports pay equity, as almost all child care educators are women and many are women of color
 - Premium pay is a best practice & specifically encouraged by the federal government as a use of stimulus funds
 - Other states – including Illinois and Colorado – are investing directly in the workforce through premium pay



FY22 Supplemental Budget: Child Care (Cont.)

Expand family child care capacity through start-up grants and focused technical assistance



Fund the start-up costs of 100 new Family Child Care (FCC) providers to open high-quality Family Child Care options and increase the overall supply of child care in the state.

- The number of licensed FCC providers in RI has declined throughout the pandemic.
- By supporting start-up costs (\$2000/provider) and providing intensive technical assistance, RI will have 100 new FCC providers – representing up to 800 new child care seats – to address the capacity constraints and provide families with more care options

DHS Continues to Step Up

We continue to help, support and guide providers and families. DHS received approximately \$125M in federal child care stimulus funds to date. This includes CARES, CRRSA, and ARPA.

- Successfully advocated for a tiered rating system This effective incentive tool led to the percentage of CCAP-enrolled children attending 4- and 5-star programs to more than doubled since the tiered system was first implemented in 2018. (From 10 percent in 12/2018 to 21 percent in 12/2020)
- Waived family co-pays through December 2021 and beginning in January 2022, we are capping co-pays at seven percent of a family's income. These and other flexible payment practices ensure our most vulnerable families – those getting CCAP subsidies – can maintain their slots without fear of programs/providers prioritizing private-pay families.
- Distributed \$18.6M in Child Care Stabilization Grants to 94 percent of our total eligible providers statewide. Ninety-five percent of child care centers who received a grant dedicated at least 20 percent of their first grant to staff bonuses. This amounts to nearly \$3M going directly to child care workers and provides much needed support to providers now as they financially plan for the minimum wage increases that will begin in January 2022.
- Partnered with RIDE, DLT, RIDOH, the Governor's Office on an Early Childhood Pathways Project and others to develop and implement programming to support child care workers in attaining credits/degrees that support their advancement.



What's Next

The Department is working closely with the Office of Management and Budget to allocate funds across initiatives to ensure both cost efficiency and federal compliance. All of the current federal dollars received in response to COVID-19 have been obligated through FY24.

- Effective January 1, 2022, licensed child care centers will receive statutory rate increases as adopted in recent legislation. These increases, in addition to the payment practices set to expire December 31, 2021, will increase the overall cost of child care in FY2022 by 24.5 percent from \$55.3M to \$68.8M. ARPA funds will be used to support these statutory rates and capping copays at 7% of family income.
- The application for the \$56M ARPA ReInvigorate Child Care Stabilization Grants program opened on Wednesday, October 20, 2021, and will accept applications on a rolling basis until early February 2022. This grant program is funded with funds from the American Rescue Plan Act that are required to be directed to child care providers via stabilization grants to support the operating costs of providers for approximately six months to stabilize their businesses and ensure continuity of care.
- Rhode Island also does not meet the equal access standard (base rates are set at the 75th percentile) set forth by our federal partners (ACF). Additional investment will continue to be required if we intend to meet this standard and ensure all children (both CCAP and private pay) have access to high quality early learning opportunities.

