

The CHAIRMAN. Thank you very much, doctor.
Mr. Acord.

**STATEMENT OF PHILIP ACORD, EXECUTIVE DIRECTOR,
CHILDREN'S HOME, CHATTANOOGA, TN**

Mr. ACORD. Madam Chairperson, the Children's Home has been serving children in our community for over 140 years. On any given day we have responsibility for about 700 children.

You have to really look back to appreciate the tremendous impact CCDBG has made and to understand how the economic downturn has challenged families and children. I was on the State advisory committee back in 1990. We spent hours trying to figure out how to serve the most children and still improve the childhood education community services. We were really excited about subsidy for those families that could only afford to pay \$25 or \$30 a week because most of our budget's made up of only one source of revenue, parent fees. These new dollars helped us provide our staff with benefits, helped us increase our salaries above the minimum wage. Funds were going to help us recruit more qualified staff, enable us to purchase current curricula for classrooms and upgrade equipment and materials.

Using quality set-aside funds, our State started the Tennessee Early Childhood Training Alliance, providing all staff entering the field 30-clock hours of training in early childhood development. The State also increased the amount of annual training required and made it available to the early childhood education community.

During good economic times, the State expanded parent access. Over the first 10 years, lots of early childhood education programs sprung up across the State, many of them adding infant care and toddler care, school-age care, in addition to the 3- and 4-year-old care, all possible because of CCDBG.

Tennessee faithfully conducted their annual market survey and for a time reimbursed at the 75th percentile. Families who needed it received subsidies. With CCDBG, the State also focused on quality, licensing standards improvement, the ratio of child-to-teacher fell so each child got more individual attention from their teacher. The State lowered the caseloads of licensing counselors, increased monitoring to six unannounced visits annually.

There were concerns because funding for quality initiatives also came from the CCDBG subsidy dollars that helped parents pay for our service. But we also understood that every low-income child needed and deserved access to good early childhood education services and licensing was the foundation for that, for that quality.

Later, Tennessee developed a quality rating and improvement scale. As an incentive to programs serving CCDBG children, the State paid more if a program achieved a higher rating. Unfortunately, the rate we now receive is below, even with that increase, is below the 75th percentile.

But when the economy turned, families' needs increased and State and Federal resources fell short. My program, which serves about 225 families, went from having 120 of those families receiving subsidy to less than 50 of those families receiving subsidy. Programs that served significant numbers of low-income children had

to close their doors because they couldn't sustain themselves without a certain number of subsidized children.

With the economic downturn, much progress has been lost. The State reduced its reimbursement rates, programs had to turn away families or cut corners. In Tennessee reimbursement rates fell dramatically, as they did in other States. Tennessee now provides no childcare assistance for low-income families not receiving TANF, turning away those working poor families trying to get subsidy.

It's hard on all of us, but it's especially hard on the parents. I have parents in my office crying literally because they can't get a CCDBG subsidy and they can't afford to pay my fee, which is on a sliding fee scale according to their income. Lots of families had their pay cut and without a subsidy they could not afford childcare.

You can see that the impact of reduced resources on the State's early childhood education system. Tennessee has about half the number of regulated early childhood education programs now as it did 6 years ago. That's the cumulative effect of fewer families receiving subsidies, reduced reimbursement rate, less grant money for program improvement, fewer training dollars, and less money for support services. Although funding was reduced, the quality requirements remain in place, meaning our costs did not decline.

At my agency, I've had to make dramatic adjustments. We've looked to the United Way, local government, in order to maintain the quality of our services and still make it available to low-income families that could no longer access CCDBG. We're now subsidizing the fees of those parents, but our agency is not typical. Most agencies are not able to do that and generate those funds.

We also entered into collaborations with Head Start and Early Head Start, as well as our State pre-K program. We took on five smaller agencies that were in danger of going out of business that served 100 percent below-poverty children to help keep them functioning in our community.

So it's difficult to identify the improvements with limited resources, but, looking ahead, the eligibility issue is big. It just needs to be annual. We could allow them to also access it through phone or online. We could help parents by providing childcare while they're doing job search. We could allow them to average their income. We could ask States to direct more of their resources to supplement CCDBG, especially since discretionary CCDBG requires no State matching requirements. States also could be encouraged to promote collaboration between childcare, Head Start, and State-funded kindergarten and increase the use of contracts, especially for underserved populations. It's a tough question to address without resources and disrupting present families receiving CCDBG.

If we're serious about economic development, then we should understand that CCDBG is one of the best economic development programs out there. It allows parents to work, it helps support an early childhood education workforce of nearly 2 million nationwide, and it gives countless poor children access to quality early childhood education, services which will equip them with the skills to be successful in school and ultimately successful in life as a contributing member of a skilled workforce.

Thank you.

[The prepared statement of Mr. Acord follows:]

PREPARED STATEMENT OF PHILIP ACORD

SUMMARY

Principle Question To Be Addressed

What are the critical improvements that can be made to CCDBG:

1. With limited fiscal resources.
2. Without substantially disrupting families currently receiving CCDBG.

How has CCDBG helped my programs in Chattanooga, TN and the impact CCDBG has had on the Early Childhood Education Community and the families and children receiving subsidy since 1990.

- Added revenue to programs to help us serve low-income parents and children using a sliding fee scale.
- Allowed programs to initially increase salaries and add benefits, at least while rates were being maintained or increased.
- Provided basic training for new employees just entering the field and ongoing training for those already employed.
- Provided funds needed to purchase curricula and materials to enhance early childhood education instruction.

Discuss the three areas that CCDBG forced us to evaluate in relation to the funds CCDBG allocated to Tennessee.

- Accessibility
 - Encouraged expanded hours of care—my program could offer 24-hour care.
 - Provided increased rate for children under 3 and support for school-age care.
- Affordability
 - Even with new funds, we faced the challenge of helping low-income parents afford care, while balancing:
 - at what income level the families maintained their eligibility for assistance,
 - the size of parents' co-payments so those receiving a subsidy could still afford care, and
 - the setting of rates that allowed providers to remain in business.
- Quality
 - In Tennessee some of the CCDBG funds were used to hire additional licensing counselors.
 - Tennessee conducts six unannounced visits annually of all regulated programs, the most in the Nation.
 - Tennessee used CCDBG funds to develop and implement a QRIS system for all regulated programs, and we are one of only a few States that require all regulated programs to go through the QRIS annually.
 - Tennessee pays 20 percent above Market Rate for those who have a Three Star rating; however, even with that increase we are well below the 75th percentile.

Review the current State of CCDBG funds available verses the demand for assistance in my programs and in Tennessee.

- Fewer parents have access to CCDBG subsidy at a time when their pay has been cut due to the economic downturn.
- While demand has increased, Tennessee has frozen intake for subsidies for low-income families who are not receiving TANF, transitioning off TANF, teen parents in high school, and foster children.
- Agencies serving significant numbers of low-income children have gone out of business because they have lost the families receiving subsidies.
- CCDBG subsidy rates have declined. In Tennessee rates have not been at the 75th percentile since 2001. According to the National Women's Law Center, the number of States paying at the 75th percentile has declined from 22 in 2001 to 3 in 2011.

What has the Children's Home/Chambliss Shelter done in response to the reduction in CCDBG funding?

- Entered into collaborations and partnerships with Head Start and with our State pre-kindergarten program.
- Increased our fundraising efforts.
- Worked with United Way to increase support.
- Applied to Local Government for funding.
- Reorganized our agency and made painful adjustments to staff work load.
- Gone 3 years without a salary increase for staff.

Closing Comment

In these incredibly tight fiscal times it is challenging to improve CCDBG with limited resources without disrupting care for low-income families and their children.

- CCDBG offers us the funding to help families pay for care, support to improve the quality of care provided, and support to run our program.
- We could help families and children by creating a 12-month eligibility redetermination process that might assist in reducing State administrative costs.
- Some States provide contracts to increase stability for partnership programs. We could encourage States to create policies and guidelines to promote collaboration between childcare, Head Start, and pre-kindergarten.
- Direct States to focus more of their resources to supplement CCDBG since discretionary CCDBG funds have no matching requirement.
- My State might reduce the number of its unannounced visits, but that is not a national strategy.

The bottom line is that for over 20 years, CCDBG has been a lifeline for millions of low-income families and their children. These funds allowed parents to work and children to access quality early childhood education programs. My board of directors and staff understand that CCDBG is about giving low-income children access to quality ECE programs which will equip them with the skills they need to be successful in school so that they can become part of the skilled workforce we need to keep America competitive in the Global marketplace.

My name is Phil Acord and I am the president/CEO of the Children's Home/Chambliss Shelter in Chattanooga, TN. The Children's Home has been serving children in Chattanooga and surrounding area for over 140 years. On any given day we have responsibility for the care and education of over 700 children and serve well over a 1,000 children annually. I have been with this organization since 1971.

The question I have been asked to answer is "what are the critical improvements that can be made to CCDBG, with limited resources and without substantially disrupting families currently receiving CCDBG."

I was on the State advisory committee back in 1990 when we received the CCDBG Regulations. We spent hours reading the regulations and trying to figure out how we could serve the most children and improve the early childhood education community. For most of us that operated programs that served predominantly low-income children we were so excited about receiving a subsidy for those families that could only afford to pay us \$25 or \$30 a week. Most of our budgets had only one source of revenue and that was parent fee payments. These new dollars were going to allow us to provide our staff with benefits and maybe even increase their salaries above minimum wage. Not only were these funds going to help us recruit more qualified staff but we were also able to purchase curriculums for our classrooms and upgrade our equipment and other materials.

The State of Tennessee took some of the quality funds and started the Tennessee Early Childhood Training Alliance, which provided all new staff entering the field a 30-clock hour training program on early childhood development. They also increased the amount of annual training required and made that training available to the ECE community.

Over the next 10 years lots of new programs sprung up across Tennessee providing ECE services in rural areas. Many programs expanded their services to serve infants and toddlers in addition to the 3 and 4 years they served. This was all made possible because of CCDBG funds. Poor parents could not afford to pay the cost of care for children under three but Tennessee paid a higher reimbursement for younger children. Tennessee also was faithful to do an annual Market Survey and reimbursed at the 75th percentile of that rate.

During the good economic times Tennessee was able to provide a CCDBG subsidy to almost every low-income parent that applied. The State then started focusing on the quality issue. They upgraded their licensing standards and reduced the ratio of child to teacher. They lowered the case loads of the licensing counselors and increased the monitoring to six unannounced visits per year. We all were concerned about these changes because it took away from the funds we had to improve our services, our salaries and our facilities. But we also understood that every low-income child deserved access to a good quality ECE program and that a poor quality program was actually harmful to a young child's development.

The next step Tennessee took, in the name of quality, was to develop a Quality Rating and Improvement Scale that took a closer look at the quality of a program in addition to the licensing standards. As an incentive to programs serving CCDBG

children the State agreed to pay above the subsidy market rate if a program achieved a one-, two- or three-star rating.

Then the economy had its' downturn and we began to experience a reduction in the number of parents that could get a subsidy. My program which serves about 225 families went from 120 of those families on subsidy to less the 50 parents on subsidy. Programs that served significant numbers of low-income children started to close their doors because they couldn't sustain themselves without a certain number of subsidized children.

We had worked hard to build an infrastructure that supported quality ECE programs and gave low-income children access to quality ECE services. The State stopped doing their Market Surveys and could no longer pay at the 75th percentile. Next they froze intake for those poor parents trying to get a subsidy allowing only TANF clients, teen parents in high school and foster children access to the CCDBG-funded subsidy.

I would have parents in my office crying because they couldn't get a CCDBG subsidy and they couldn't afford to pay my fee which is based on a sliding fee scale according to the parent's income. A lot of my parents had their pay cut and without a subsidy could not afford to pay for care.

Tennessee has about half the number of regulated programs they had 6 or 7 years ago. Although the CCDBG funds were decreased the quality requirements they had put in place continued. There was less grant money for program improvement, less money for training and less money for support services.

CCDBG totally changed the Early Childhood Education community in Tennessee, Chattanooga and at my agency and the programs we managed. Because we did not want to reduce the quality of our services we began to raise money to subsidize the fees of the parents that could not get on CCDBG. We worked with the United Way to obtain additional funding, we appealed to local government for assistance and we began to do fundraisers. In order to maintain the quality of our services and still make it available to the low-income families, that could no longer access a CCDBG subsidy, we were now subsidizing the fees of those parents.

We also entered into collaborations with Head Start and Early Head Start as well as pre-K programs to help off-set our cost of operation. We also took on five small agencies that were in danger of going out of business without our help. Some of those programs served 100 percent low-income children.

I listed in my outline some of the things that would streamline some of the CCDBG requirements in Tennessee. Like only requiring parents to go through eligibility redetermination annually, allow them to do it by phone or on line. In Tennessee we might have to cut back on some of our quality monitoring to put more money into the accessibility pot. Ask States to direct more of their resources to supplement CCDBG. Continue to encourage Head Start, pre-K and the Early Childhood Education community to collaborate and partner around shared space, monitoring and training.

To be honest with you it is a really hard problem to address without adding more resources or disrupting the present families receiving CCDBG subsidy.

If we are serious about economic development then we should understand that CCDBG is one of the best economic development programs the Federal Government has out there. It allows parents to work, it helps support an ECE workforce of approximately 1.5 million nationwide and it is giving poor children access to quality early childhood educational services which will equip them with the skills to be successful in school and ultimately successful in life as a contributing member of a skilled workforce.

Presently only one out of every six poor children that need a CCDBG subsidy has assistance. We don't know where the other five children are and what type of preparation they are receiving as they prepare to enter school. CCDBG is an investment in the future of America, we need all six of those children to be successful in school and ready to be members of America's workforce of the future.

Thank you for giving me the opportunity to address your question and to share the story of the Children's Home and its' quest to provide quality early childhood education services to the children of Chattanooga, TN . . . home of Senator Bob Corker.

The CHAIRMAN. Thank you.

Ms. Singerman.

But before you say a word, I know Senator Hagan wanted to join in the chorus of welcoming you.