

of new Federal initiatives. An increase in CCDF administrative funds could be used to improve data systems. Compliance with additional reporting requirements other than those specified in statute should be on a voluntary basis.

Furthermore, there must be a shift toward incentivizing positive performance throughout State childcare systems. Improper Payments Information Act desk audit reviews must be improved to capture accuracy and performance based on the uniqueness of State systems and the flexible practices that the block grant allows. This shift in focus must also allow States to maintain authority to design program integrity strategies, seek ACF technical assistance, and focus on broader initiatives that improve the detection and reduction of improper payments.

We look forward to working with Congress on these recommendations. Thank you for the opportunity to submit our comments and for your interest in reauthorizing CCDBG. If you have any questions, please contact Rashida Brown at (202) 682-0100 x225 or rashida.brown@aphsa.org.

PREPARED STATEMENT OF HELEN BLANK, DIRECTOR OF CHILD CARE AND EARLY LEARNING, NATIONAL WOMEN'S LAW CENTER

Childcare is an essential support for children and families. It has two important goals: helping families work and helping children succeed. These are equally important and interrelated. When parents do better, children do better. There is also strong evidence that when low-income children participate in high-quality early learning programs, it increases their chances of succeeding in school and in life.

For families, the Child Care and Development Block Grant (CCDBG) is a lifeline that allows them to work and their children to learn. Despite the benefits of providing help with childcare costs, only one out of six children eligible for Federal childcare assistance received it in 2006.¹ The unmet need has likely grown as the number of low-income families has increased while the number of children receiving childcare assistance has stagnated or decreased. Without additional investments, the number of children able to receive childcare assistance is projected to decline next year to the lowest level since 1998.

Many families who need help paying for childcare are unable to receive it because their States set restrictive eligibility criteria or place eligible families on waiting lists. One-third of States set their income limits to qualify for assistance at 150 percent of poverty or lower, and two-thirds of States set their income limits to qualify for assistance at 200 percent of poverty or lower,² even though studies show that families in most communities need an income level at least this high to meet their basic needs.³ In 22 States, families who apply for childcare assistance are placed on waiting lists for assistance or are turned away without having their names placed on a list.⁴ Some of these lists are exceedingly long. For example, in Florida, the waiting list is over 75,000 children.⁵ Maryland's waiting list is almost 19,000 children.⁶

Research is clear that parents are more likely to work when they have reliable childcare, and they find it challenging to work when they do not. Simply put, helping families pay for childcare makes it more likely they can get and keep a job. Several past waiting list studies indicate that without childcare assistance, parents turned to welfare. In a 1998 study of parents waiting for childcare assistance in

¹U.S. Department of Health and Human Services, Office of Human Services Policy, Office of the Assistant Secretary for Planning and Evaluation, *Estimates of Child Care Eligibility and Receipt for Fiscal Year 2006* (Washington, DC: U.S. Department of Health and Human Services, 2010), available at <http://aspe.hhs.gov/hsp/10/cc-eligibility/ib.pdf>.

²Karen Schulman and Helen Blank, *State Child Care Assistance Policies 2011: Reduced Support for Families in Challenging Times*, available at http://www.nwlc.org/sites/default/files/pdfs/state_child_care_assistance_policies_report2011_final.pdf. [hereinafter *State Child Care Assistance Policies 2011*]

³National Women's Law Center analysis of data from Economic Policy Institute, *Basic Family Budget Spreadsheets* (2007), available at http://www.epi.org/pages/budget_calculator_intro/; and from James Lin and Jared Bernstein, *What We Need to Get By* (Washington, DC: Economic Policy Institute, 2008), available at <http://www.epi.org/publications/entry/bp224/>; Sylvia Allegretto, *Basic Family Budgets: Working Families' Incomes Often Fail to Meet Living Expenses Around the U.S.* (Washington, DC: Economic Policy Institute, 2005), available at <http://www.epi.org/page/-/old/briefingpapers/165/bp165.pdf>.

⁴State Child Care Assistance Policies 2011.

⁵National Women's Law Center, *Child Care Fact Sheet: Additional Child Care Funding is Essential to Stop State Cuts* (July 2012) available at <http://www.nwlc.org/sites/default/files/pdfs/childcarecutsfactsheetjuly2012.pdf>.

⁶Email from Debbie Moore, Senior Policy Analyst, Maryland Family Network, to Helen Blank, Director of Child Care and Early Learning, National Women's Law Center (July 19, 2012) (on file with NWLC).

Santa Clara County, CA, about 40 percent reported that they had given up looking for work because they could not find affordable childcare.⁷ In North Carolina, about one out of four families on the State's waiting list for childcare help had lost or had to quit their job while waiting for assistance, according to a 1998 study.⁸ One-quarter of the families on the waiting list for childcare assistance in Hennepin County, MN turned to welfare in order to survive, according to a 1995 study.⁹

Research also provides substantial evidence that access to childcare assistance increases the likelihood that parents are employed and that they may remain employed for longer periods of time. One study found that across both rural and urban counties in Oregon, families who used childcare assistance had relatively stable employment over a 3-year period.¹⁰ Parents who receive childcare subsidies appear to work longer.

Helping parents afford childcare so they can work and earn income is important because family income can have a major effect on children as they grow. A study found a relationship between an increase in family income and children's achievement—the results suggested that a \$1,000 increase in a low-income family's annual income increased young children's achievement by 5 to 6 percent of a standard deviation.¹¹

In addition to helping families pay for childcare and go to work, CCDBG quality dollars undergird early childhood systems in the States, supporting families at all income levels. The quality dollars help fund T.E.A.C.H.® and other programs that assist childcare teachers with the cost of going to school and attaining credentials as well as reward them for their efforts. The quality dollars are also used to support the monitoring of childcare programs to ensure children's health and safety. In addition, the quality set-aside supports resource and referral services to help families searching for care and to assist community childcare providers; helps purchase basic materials, books, and equipment for family childcare homes and centers; and assists in the costs associated with starting and operating quality rating and improvement systems.

The quality of childcare that programs and providers can offer is not only linked to the quality set-aside but also inextricably tied to the reimbursement rates they receive for children receiving childcare assistance. The decline in reimbursement rates is extremely troubling. As of February 2011, only three States paid rates at the federally recommended level, the 75th percentile of current market rates, compared to 22 States in 2001.¹² While 31 States report that they pay higher rates for higher-quality care, or tiered rates, in approximately four-fifths of these States, the reimbursement rate at even the highest quality is below the 75th percentile of current market rates.¹³

This continues to be, as a result of inadequate investment in childcare, a constant tension between serving more eligible children and improving quality.

Given the importance of safe and affordable childcare to the two critical goals of helping parents work and support their children and ensuring that children have the early learning and after school experiences they need to succeed, national and State organizations have developed an Agenda for High-Quality Affordable Child Care (available here: www.nwlc.org/childcareagenda) that would put the Nation on the path toward developing the early childhood system our children and families deserve.

In a reauthorization that would be a small step toward these goals, yet incur less cost than the more expansive Agenda, we would recommend:

- Strategies to ensure continuity of care for families and children that support parents' work and children's healthy development by requiring States to:
 - Establish a 1-year eligibility determination period that is in effect, regardless of a change in parent's income or work status.

⁷ Casey Coonerty and Tamsin Levy, *Waiting for Child Care: How Do Parents Adjust to Scarce Options in Santa Clara County?* (Berkeley, CA: Policy Analysis for California Education, 1998).

⁸ Jeffrey D. Lyons, Susan D. Russell, Christina Gilgor, and Amy H. Staples, *Child Care Subsidy: The Costs of Waiting* (Chapel Hill, NC: Day Care Services Association, 1998).

⁹ Greater Minneapolis Day Care Association, *Valuing Families: The High Cost of Waiting for Child Care Sliding Fee Assistance* (Minneapolis, MN: Greater Minneapolis Day Care Association, 1995).

¹⁰ Elizabeth E. Davis, Deana Grobe, and Roberta B. Weber, "Rural-urban differences in childcare subsidy use and employment stability," *Applied Economics Perspectives and Policies*, 32(1), 2010, 135–53.

¹¹ Greg J. Duncan, Pamela A. Morris, and Chris Rodrigues, "Does money really matter? Estimating impacts of family income on young children's achievement with data from random-assignment experiments," *Developmental Psychology*, 47 (5), 2011, 1263–79.

¹² State Child Care Assistance Policies 2011.

¹³ State Child Care Assistance Policies 2011.

- Establish a higher exit eligibility level that allows families to stay on childcare assistance even if their incomes grow to exceed the initial eligibility limit.
- Ensure that payment practices for childcare providers reflect generally accepted payment policies that providers use for their private-pay parents.
- Strategies to expand low-income children's access to higher-quality childcare requiring States to:
 - Develop and implement strategies to increase the supply and improve the quality of childcare in underserved areas such as higher payment rates and bonuses, direct contracting, grants, or other means of increasing the supply of high-quality care in particular areas of the State or for particular categories of children such as care in low-income and rural areas, care for infants and toddlers, school-age children, children with disabilities and other special needs, and children in families with limited English proficiency, and care during non-standard hours, if shortages of these types of care are identified, and report annually to the Secretary of Health and Human Services on how these strategies are being used to expand the supply of care.
 - Demonstrate efforts to coordinate Early Head Start, Head Start, State- and locally funded pre-kindergarten and childcare assistance in order to encourage full-day, full-year programs.
 - Demonstrate that initiatives to improve the quality of childcare give priority to providers and programs in which a significant share of children served are low-income (or receive federally funded childcare assistance) and include sufficient financial and other resources to support strategies that help providers at all levels of quality improve, including increased rates linked to the quality of a provider or program, initiatives to support the education of teachers tied to increased compensation, and ongoing financial resources to providers to improve the quality of care.
- Strategies to make special efforts to address the shortage of high-quality childcare for infants and toddlers by:
 - Permanently authorizing a minimum of \$106.8 million or 5 percent of CCDBG discretionary funds (whichever is larger) for supports to programs serving infants and toddlers, as described in S.3436.
- Strategies to focus on the need to provide adequate reimbursement rates to programs by:
 - Requiring the Department of Health and Human Services to provide technical assistance to States on alternative payment mechanisms, developing and conducting statically valid and reliable market rate surveys, and identifying acceptable approaches to use in developing and conducting market rate surveys to reflect cost variations by geography, age of children, children with disabilities and other special needs, children with limited English proficiency, hours of operation including non-standard hours, and provider type. HHS would also provide information on alternate costing mechanisms to help States begin to tie rates to the cost of implementing quality standards and/or within tiers, beginning with licensing.
- Strategies to strengthen the childcare workforce by requiring States to create a plan for integrated professional development system that includes:
 - Professional standards that specify the qualifications, content of education and ongoing development of early childhood education professionals.
 - Career pathways or routes of continuous progress for early childhood professionals to achieve increased qualifications, understand professional opportunities, and to receive appropriate compensation.
 - Articulation/transfer of professional development credentials, courses, credits, degrees, and student performance-based competencies.
 - An advisory structure to examine needs and provide policy recommendations.
 - Workforce data to gauge impacts and system change and inform planning and to use in evaluation and quality assurance, including all settings.
 - Financing of the integrated professional development system, including supports for programs, individuals, and the system's infrastructure.

This system shall promote access to training, professional development and education (including initial and ongoing professional development) for all types of providers. Barriers such as costs, hours of work for providers, language, and culture shall be taken into account; and public financing shall be included.

- Strategies to ensure that children have the early help they need to succeed by requiring States to demonstrate efforts to increase developmental screening for children.
- Strategies to ensure that children are protected by requiring States to:
 - Require comprehensive State and Federal criminal background checks that are done in a timely fashion and that are portable from program to program. Providers cannot be charged more than \$40 in combined fees for application and administration of the checks. These must include an appropriate appeals process, and other protections.
 - Inspect and monitor all licensed and regulated providers at least twice a year, one unannounced and one announced, one to address health and safety and one to address issues affecting quality.
- Strategies to ensure that there is coordination among early childhood programs by requiring States to:
 - Submit the State plan for CCDBG to the State Advisory Council on Early Care and Education for comment before the plan is submitted to HHS for funding. The plan must describe coordination among childcare, Head Start, State pre-kindergarten programs, State-funded infant and toddler systems, home visiting, and the Early Intervention Program for Infants and Toddlers with Disabilities (Part C) and Preschool Grants for Children with Disabilities (part B, section 619) under the Individuals with Disabilities Education Act, including the ways in which Federal and State resources are to be used to help childcare providers meet the State pre-kindergarten requirements and to help children enrolled in part-day pre-kindergarten programs receive full-day services as needed.
 - Strategies to ensure that the numbers of families receiving childcare assistance and reimbursement rates for providers do not decline by requiring States to guarantee that they will at a minimum maintain the number of children receiving federally funded childcare assistance as of fiscal year 2008 and reimbursement rates paid to childcare providers receiving Federal childcare funds as of fiscal year 2008.
 - Establishing the Child Care Facilities Financing Act authorizing the Secretary of HHS to award competitive grants to eligible entities to deposit into childcare capital funds for technical and financial assistance to eligible childcare providers to pay the costs of acquisition, construction, or improvement of childcare facilities or equipment, or for technical assistance to such providers to help undertake facilities improvement and expansion.

PREPARED STATEMENT OF HANNAH MATTHEWS, DIRECTOR OF CHILD CARE AND
EARLY EDUCATION, CENTER FOR LAW AND SOCIAL POLICY (CLASP)

Thank you for the opportunity to submit testimony for the record on this important topic. CLASP develops and advocates for policies at the Federal, State, and local levels that strengthen families and create pathways to education and work to improve the lives of low-income people. Our childcare and early education work promotes policies that support both child development and the needs of low-income working parents.

Childcare subsidies make quality childcare more affordable, support the healthy development of children, and help low-income parents access the childcare they need to go to work or to school to support their families.

The Child Care and Development Block Grant (CCDBG) is the largest source of childcare assistance funding and helps nearly 1 million low-income families. Childcare assistance makes a critical difference as to whether they are able to go to work each day, and it makes a difference for the quality of their children's care. In 2010, the latest year data are available, nearly half of these families had incomes below the Federal poverty level (about \$18,310 for a family of three in 2010), and nearly all (93 percent) received help because they were working or in training or education programs.

Decades of research show that childcare assistance helps stabilize employment and leads to increased earnings, making a difference in the economic health and security of families.¹ Access to subsidies allows working poor families to use their limited income to meet other basic needs such as food, rent, and household utilities. When low-income families receive help meeting childcare costs they are more likely to enter and remain in the workforce and may work more hours. For example, a

¹Matthews, *Child Care Assistance Helps Families Work: A Review of the Effects of Subsidy Receipt on Employment*, CLASP, 2006, http://www.clasp.org/publications/ccassistance_employment.pdf.