

- 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.

study of a representative sample of low-income single mothers found that receipt of childcare subsidies increased the probability of employment by 15 percent.²

Childcare subsidies benefit children as well. Subsidies make *quality* childcare more affordable. Most children (80 percent) receiving CCDBG assistance are cared for in licensed settings with the majority (66 percent) in center-based care. These children are more likely to experience stability in their care arrangements, which support healthy development. Without a subsidy, many low-income families are unable to afford even minimal quality childcare, and they surely cannot afford settings that foster healthy development and early learning to close the achievement gap.

As recent as last month, new research published in the *Child Development* journal confirmed the importance of childcare subsidies for working families. Families receiving childcare assistance accessed better quality care than the care accessed by comparable families who were unable to get help.³

To be sure, there is room for improvement in the program. Stagnant funding for the block grant has led States to design their childcare programs in ways that make accessing quality childcare difficult for families. Rates paid to providers are far below the federally recommended levels, making it difficult for providers to support the costs of providing quality care. States have restricted income eligibility and other policies in order to manage funding shortfalls. Fundamental policy changes could be made in the program that would improve continuity for children and their parents.

Given the strong research base of the critical role childcare assistance plays in helping low-income parents find and retain work and the benefits that affordable quality care has for children, it's critical that any improvements not be made at the expense of reducing access to childcare assistance, particularly as the country continues to recover from the Great Recession. Even at current funding levels, only one in six federally eligible children receive assistance. More resources for childcare assistance are greatly needed.

ESSENTIAL IMPROVEMENTS FOR REAUTHORIZATION

CLASP supports the following policy recommendations, developed by a coalition of national organizations, *Essential Improvements to the Child Care and Development Block Grant*. While not without costs, these improvements would help stabilize families receiving assistance, improve the quality of care for more low-income children, and support caregivers in providing higher quality care.

Many of the below recommendations would improve the continuity of care for children, supporting positive child development and parental employment. Provisions such as requiring inspections for childcare programs, training for providers, and stronger professional development systems would provide basic health and safety assurances and increase the quality of available childcare. Strategies such as expanding higher quality care in low income and underserved areas are vital to making quality childcare available to additional high needs children. Finally, policies that make it easier for families to keep subsidies, such as 1 year eligibility, and better coordination between childcare and Head Start and State pre-kindergarten would improve both families' access to the program and strengthen the early childhood system as a whole.

Essential Improvements to the Child Care and Development Block Grant

The goals of this subchapter are to support States in ensuring that children receive high-quality childcare/early learning and after-school experiences in developmentally supportive, safe and healthy settings and that low-income parents receive the assistance they need to afford childcare so they can work or participate in education, training, or other activities that will enable them to work.

States will be required within 3 years from the date of enactment to:

- Require comprehensive State and Federal criminal background checks that are done in a timely fashion and 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.

²Erdal Tekin, *Child Care Subsidy Receipt, Employment and Child Care Choices of Single Mothers*, 2004.

³Johnson, Ryan, and Brooks-Gunn, "Child-Care Subsidies: Do They Impact the Quality of Care Children Experience?" *Child Development*, June 2012.

- Create an integrated professional development system that includes (1) professional standards that specify the qualifications, content of education and ongoing development of early childhood education professionals; (2) career pathways of routes of continuous progress for early childhood professionals to achieve increased qualifications, understand professional opportunities, and be appropriately compensated; (3) articulation/transfer of professional development credentials, courses, credits, degrees and student performance-based competencies; (4) an advisory structure to examine needs and provide policy recommendations; (5) workforce data to gauge impacts and system change, inform planning, evaluation and quality assurance, including all settings; and (6) financing of the integrated professional development system including supports for programs, individuals, and the system's infrastructure.

- Such 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.

Develop a system that ensures that all children receiving a subsidy as well as all children in childcare centers and family childcare homes receive a valid and reliable developmental screening and referral for appropriate services within a reasonable time of their entry into care.

- Establish a 1-year eligibility determination period that is in effect, regardless of a change in parent's income or work status.

- Establish a higher exit eligibility level that allows families to stay on childcare assistance even if their incomes grow to exceed the initial eligibility cutoff.

- Ensure that payment practices for childcare providers reflect generally accepted payment policies that providers use for their private pay parents.

- 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 this 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 and full-year programs.

- 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.

- Submit the State childcare 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 part C and section 619 programs, 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 and Head Start programs receive full-day services as needed.

- 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.

The legislation will:

- Permanently authorize a minimum of \$106.8 million or 5 percent of CCDBG discretionary funds (whichever is larger) for supports to programs serving infants and toddlers. These funds will be used for:

- Establishing or expanding neighborhood-based high-quality comprehensive family and child development centers;

- Establishing and operating community- or neighborhood-based family childcare networks;
 - Supporting statewide networks of infant-toddler specialists;
 - Initiatives to improve the quality of the infant-toddler workforce; and
 - Development of infant-toddler components within regulatory and quality improvement systems and support to reach higher levels of quality.
- Require that HHS provide technical assistance to States on alternative payment mechanisms, on developing and conducting statistically valid and reliable market rate surveys, and identifying acceptable approaches for States 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 care including non-standard hours, and provider type. HHS will 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.
 - Authorize a certain amount of mandatory funding.
 - Authorize such sums as necessary.
 - Authorize the Child Care Facilities Financing Act to authorize the Secretary of Health and Human Services 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 them undertake facilities improvement and expansion.

RESPONSES BY LINDA K. SMITH TO QUESTIONS OF SENATOR MURRAY,
SENATOR SANDERS AND SENATOR CASEY

SENATOR MURRAY

Question 1. What benefits has the Child Care Aware Hotline and Web site provided over the years to families, childcare providers, and the Federal Government?

Answer 1. Over the years, the Child Care Aware hotline and Web site (<http://childcareaware.org/>), a project of Child Care Aware of America (formerly the National Association of Child Care Resource and Referral Agencies or NACCRRA), has provided parents with information about provider background checks, local childcare regulations, specialized services for military families, and tools for choosing a childcare provider. In program year 2010–11, over 76,000 families contacted the hotline, and the Web site helped make over 111,000 connections between parents and local childcare resource and referral agencies. The Child Care Aware hotline and Web site have also provided military families with targeted referrals and have administered the Military Fee Assistance program, which helps those who serve in the military find and afford childcare that meets their needs. In addition, the hotline and Web site have supported childcare providers through training webinars and other publications for professional development. All parent and provider resources are available in English and Spanish.

Since fiscal year 2000, the annual appropriations law for funding of the Child Care and Development Block Grant (CCDBG) has provided resources for a national childcare hotline. In most years, the funding was specifically designated in the law for Child Care Aware. However, the fiscal year 2012 appropriations law indicated that \$1 million was available for a competitive grant for the operation of a national toll-free hotline and Web site to develop and disseminate childcare consumer education information for parents and help parents access childcare in their local community. In late June, the Department of Health and Human Services (HHS) Office of Child Care published a Funding Opportunity Announcement (FOA) seeking applications by August 15, 2012.¹ Once awarded, this funding will support a National Child Care Consumer Education Referral Hotline and Web site.

The National Child Care Consumer Education Referral Hotline and Web site gives us the opportunity to incorporate the latest knowledge in childcare and to build on innovative State and local consumer education efforts, like indicators included in quality rating improvement systems (QRIS). The new FOA places stronger emphasis on transparency so that parents will be provided with clear information on quality indicators to help them make informed decisions about childcare. In addition, the FOA asks the grantee to focus on the hardest to reach clients—low-income children receiving childcare subsidies who, research shows, will benefit the most from quality

¹The HHS Administration for Children and Families' Deputy Assistant Secretary and Inter-Departmental Liaison for Early Childhood Development was previously the executive director of NACCRRA. She has recused herself from any involvement in the competition.