



**Testimony of Dr. Rolf Grafwallner**  
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**Before the**  
**Committee on Health, Education, Labor, and Pensions**  
**Subcommittee on Children and Families**

**Hearing: *CCDBG Reauthorization: Helping to Meet the Child Care Needs of American Families***

**Thursday, July 26, 2012**

Chairwoman Mikulski and Members of the Sub-Committee,

My name is Rolf Grafwallner, Assistant State Superintendent for the Division of Early Childhood Development at the Maryland State Department of Education (MSDE). The Division is the lead agency for early childhood education in Maryland, and it includes the administration of the CCDBG (or CCDF), namely the child care subsidy program and all child care quality initiatives. I appreciate the opportunity to speak before you and provide you with a state's perspective.

For the CCDBG and child care subsidy to be administered by an education department is not typical. In fact, it is very rare. Only a handful of states have similar governance arrangements. When the funding, policy authority, and administration of the CCDBG was transferred in 2006 to the Maryland State Department of Education, it was done with the understanding that the provision of services for subsidized children enrolled in the state's licensed child care programs were part and parcel of the state's P-20 reform initiative.

### **Child Care Contributes to School Readiness in Maryland**

The mission of the child care subsidy was not only to ensure that low-wage working families had access to subsidized child care, but that their young children had access to quality programs. It meant that young children's readiness for school became the primary focus and an integral part of Maryland's education reform efforts.

Shortly after the transfer, our Division tested the extent to which children receiving child care subsidies were enrolled in high quality programs, and we found that only 5 percent of all children were enrolled in state or nationally accredited programs – the criterion we use for highly quality early education. We pursued and received a federal research grant to examine the question further.

Our research, conducted in partnership with the Towson University and Child Trends, Inc., examined the question, *What is the relationship between children with subsidies enrolled in child care programs and their results on the Maryland Kindergarten Assessment?*

The results were both fascinating and sobering. The type of subsidized care arrangement was significantly associated with differences in the likelihood of being assessed as fully ready for school on the two pre-academic domains, language/literacy and mathematical thinking. Compared to children who had only informal (family, friend or neighbor non-regulated) subsidized care arrangements, children enrolled in subsidized center-based care were more likely to be fully ready. The higher likelihood of school readiness was found among both children in center care either for the year before kindergarten or for two years prior to kindergarten. Subsidized center care was associated with an increase of between 11% and 14% in the probability of being fully ready on the two pre-academic domains.

This data is critical to Maryland since children entering school with significant deficiencies, especially in the pre-academic areas, may need intervention services in public schools associated with higher costs for local school districts. From a mere economic and educational perspective, the investment through the CCDBG could be looked at as a missed opportunity, shifting the costs to remedy the educational needs of children to local school districts, if children do not access quality programs.

Maryland's data actually indicates favorable trends when it comes to parents' preferences for child care arrangements. According to last fiscal year's participation rate, 80 percent of parents chose child care centers. The remainder of children were enrolled in family child care or informal care. Such statistics may not be true for other states, and, while Maryland's research data cannot be generalized, it points out a troubling feature associated with the CCDBG. For years, it has maintained the focus of the program on child care so families can work. It has offered increasing but limited focus on the outcomes for children. **The CCDBG reauthorization should shift the focus to child outcomes, while maintaining its function as a monetary support to help low-income families afford the cost of child care.**

### **Child Care Subsidy in the Context of Other Subsidized Programs**

From Maryland's perspective, the CCDBG should not be considered in isolation of other programs, especially since a consolidated governance structure allows for a more strategic coordination among the various funding streams. There are two other major funding sources which provide subsidized educational services for young children: the federally-funded Head Start program provides full subsidy for children from families at or below 100 percent of Federal Poverty Guidelines (FPG) and the state's prekindergarten program, operated by local school systems, is fully funded for children from families at or below 185 percent of the FPG. Adding the CCDBG, with eligibility for families at or below 178 percent of FPG, creates a third option for accessing subsidized early care and education.

As a result of these three programs, Maryland provides options for families with very low incomes. Any family whose income falls just outside those Federal poverty guidelines has no options except to pay for care out of pocket or depend on family or friends for a patchwork care arrangement. This is a problem in terms of a state's ability to close the school readiness gap. In fact, several years ago we calculated the gap our policies created for families with middle incomes.

In 2008, families who gained access to state and local financed prekindergarten programs had household incomes of \$40,792 or less for a family of four. Families who enrolled children in Head Start had household incomes of \$22,050 or less for a family of four. And, families accessing child care subsidy had incomes of \$37,485 or less for a family of four in order to be eligible for child care subsidies<sup>1</sup>. Thus, any family of four earning more than the prescribed eligibility guidelines had no access to publicly funded early childhood programs. Assuming that 10 percent of the family's income is a reasonable expenditure for early care and education costs, our calculations showed that families of

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<sup>1</sup> Maryland currently has a "freeze" on the upper income brackets of its eligibility guidelines

four who earn more than \$40,792 experience a significant increase in their household's share for child care or preschool. Applying the 10 percent rule, family household incomes would have to be at \$72,000 and above to become affordable again. While we do not have specific data on the number of children who are represented by this "donut hole" of affordability, census data suggests there is a high proportion of children whose families make more than \$41,000 and less than \$72,000. Those children might be enrolled in child care programs, but many are being cared for in ad-hoc arrangements by friends, neighbors, and relatives. These arrangements are part of the fabric of community support and a very important feature of our society, but our data suggests they are not conducive to school readiness.

From a state perspective, access to subsidized early care and education could be expanded to more middle income families if the CCDBG reauthorization were to coordinate its policies with those of Head Start, also administered out of the Administration for Children and Families, in terms of funding and performance standards. Over the past decade, there have been innovative models, where both child care and Head Start funding were supporting early childhood centers that benefitted more children in terms of financial support and providing a better learning environment as a result of the child care programs not only meeting licensing standards but adopting the more stringent Head Start performance standards. These models meet the test of expanded access and higher quality. **CCDBG reauthorization could turn these integrated models into business as usual. This approach should be coupled with a requirement to not only allow states to access of Temporary Assistance to Needy Families (TANF) funds for child care subsidy, but to require that, at a minimum, 10% of the state's TANF funds be reserved for child care subsidy. Such an approach would integrate the school readiness mission of a child care/ Head Start model with the family support model of all the TANF programs.**

### **The Key is a Qualified Workforce and Continuous Program Improvement**

The final point is reserved for the quality component of the CCDBG. Each state must set aside, at a minimum, 4 percent of the state's allocation for quality initiatives. Maryland's set aside is slightly higher and it has shifted the majority of these resources to workforce development and continuous program improvement. The strategy was to reverse a trend observed at the beginning of the last decade, when talented and qualified providers were exiting the field, creating high turnover and a depleted workforce in child care. At the same time, Maryland established a number of initiatives to improve the overall quality of licensed child care programs. Quality set aside funds of the CCDBG included accreditation support for child care programs to become accredited. For instance, in 2001 only a couple dozen child care programs were accredited, thereby meeting standards of high quality. Today, almost 540 child care programs are state or nationally accredited. At the same time, child care workers were encouraged to enroll in the state's child care credentialing program, a career ladder and professional development program for child care professionals, to improve their qualifications through training and post-secondary course work and degree achievement. Prior to the transfer of child care to MSDE, only 6 percent of child care workers joined the credentialing program. Today, almost 20 percent are enrolled in it, and the numbers are growing. The CCDBG quality improvement

component is providing funding for credentialing incentives such as compensation bonuses and training vouchers. **The CCDBG reauthorization should refocus the current quality set asides and earmarks with a stronger emphasis on workforce development and continuous program improvement, including a requirement for states to establish performance benchmarks in those areas.**

Maryland, like other states, navigates within the confines of what is being provided in terms of funding, and federal and state requirements. The CCDBG, as it currently exists, has many positive features – it offers flexibility, it has become a reliable, yet underfunded resource, and states receive technical support from the agency that administers it. But, from a state’s perspective, it does not exist in isolation. As state prekindergarten and Head Start programs strive to stress the quality of early education, the CCDBG must follow. Many states are in the process of reorganizing their governance of early childhood education and consolidating all programs and funding streams into one agency. One of the most important thing the reauthorization of the CCDBG can do is to initiate such a process at the federal level. Within the context of appropriating more adequate funding, this would mean joint and blended funding to increase coordination between child care, Head Start, and TANF, resulting in improved access to quality early education and care for the children of working parents.

The first rule of order should probably be a reorganization of the existing programs to allow for a more streamlined and consistent support for children and their families. The reauthorization of the CCDBG can play a historic role in this effort.

I thank you for the opportunity to speak before you and I am available for questions.