TESTIMONY OF ELLEN REYNOLDS

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BEFORE THE SENATE COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS ON

"CHILD CARE AND PRESCHOOL: CUTTING COSTS FOR WORKING FAMILIES"

March 22, 2022

Good morning, Madame Chair, Ranking Member Burr, and members of the Committee. I am Ellen Reynolds, Chief Executive Officer of the Georgia Child Care Association (GCCA), a trade association representing the 4400 licensed childcare providers in Georgia. Today I come before you representing the voice of licensed providers, be they family / home or center based, non-profit or for-profit, faith based or secular, or government funded like Early Head Start. There are over 3.8 million small businesses who educate the country's youngest learners, 50% of which are minority owned businesses, and I thank you for this opportunity to speak on their behalf.

While I recognize today's hearing is partisan, I want to stress that prior to this year, childcare has *never* been a partisan issue. I believe it is the sincere desire of this committee to ensure working families have access to high quality, affordable childcare, and I would urge you to continue building on the rich thirty-year history of bipartisan work as you consider enacting new policies.

With testimony limited to five minutes, I will get straight to our recommendations.

<u>We strongly recommend a historic investment of at least $400 billion to childcare through this year's reconciliation process.</u>

We are very grateful for the ARPA stabilization funds, but state regulatory agencies and providers are concerned about the cliff effect that is coming in September 2023 when ARPA stabilization dollars expire and in September 2024 when ARPA discretionary dollars expire. Without further investments, the country will face a catastrophic decline in access to childcare as providers will no longer be able to pay teachers competitive rates nor provide tuition relief for families.

We believe funding must be included in the reconciliation process because do not believe Congress will allocate enough funding to make a material difference in access to childcare through the traditional budget process. Consider the recently passed Omnibus Budget Bill as "Exhibit A" to that point. While we are grateful for the $231 million increase to CCDBG, that amounts to a 4.3% increase to spending. With inflation at 7.5%, the funding does not help states keep pace with inflation, which has historically been the case. This is a prime example of how childcare funding has historically eroded over time.

<u>Congress should fund historic investments in childcare through the CCDBG</u>:

Why? Because as a practical matter, we do not expect a large number of states to participate in either the childcare or universal pre-k program as outlined in Build Back Better. Currently, 39 states have balanced budget requirements. As BBB is written, there is no way for states to accurately estimate the state match required to participate. Would you commit to buying a house without knowing how much your monthly payment is and whether you earn enough to make the payment? No, and neither will many states (not just the states who refused Medicaid expansion).

Doubt me? This is actually reflected in the CBO's scoring report which estimates that up to ***forty percent*** of children will not participate Build Back Better's programs. To give you an actual, current basis for comparison, according to Georgia's state licensing agency, 86% of all Georgia four-year-olds are currently being served by a licensed program in Georgia today, meaning only 14% of all Georgia four-year-olds are in an unlicensed setting such as at home with a parent, grandparent or nanny. Thus, the CBO has grossly underestimated demand and the cost of providing the program as written in BBB.

The CCDBG is a carefully crafted bipartisan compromise with clearly established precedents already in place which could be used to expand services and increase wages immediately. The naysayers will tell you that the CCDBG is too broken to be used to expand access to childcare while making it more affordable for families. In fact, Congress used CCDBG during the pandemic to do just that with the CARES Act, reconciliation, and ARPA dollars.

Again, to use Georgia as an example:

- Georgia has eliminated copays and is providing *free* childcare to families for 18 months.
- All staff including custodians, chefs, etc. will receive $3000 in supplemental wages directly from the state.
- APRA stabilization grants further support employee wages as Georgia requires providers to spend 70% funds on employee wages and benefits.
- Georgia will serve 10,000 addition children through September when ARPA funds end.
- Georgia has increased provider reimbursement rates for all tiers under our quality rating system by 15%
- Georgia has increased the income eligibility to the maximum of 85% of the SMI.

I have included just a few examples of ways each of your individual states have used CCDBG stimulus funds to accomplish similar goals in my written testimony.

And just a few last notes:

- Having three programs with different application and eligibility processes would be extremely confusing for parents as they struggle with finding quality childcare now with one streamlined process.
- BBB would necessitate states to build out at least two additional eligibility systems, going against the progress we have made in creating one statewide eligibility system as a result of the ACA.
- CBO scoring report estimates that childcare providers will be reimbursed ***less in 2028 for childcare than they are charging now but with caps on tuition***, which would make

paying increased wages to teachers impossible and decrease access to childcare from center closures.
- BBB would triple the regulatory burden for both state regulatory agencies and the federal office of childcare as each program would likely require a three-year plan with annual reports to progress and with monitoring visits for three programs every three years instead of one.
- BBB would cripple the workforce and create shortages by requiring all teachers to have bachelors degrees in 5 years. Georgia has achieved that goal with our 3,800 lottery funded GA Pre-K classrooms, but it took Georgia ***fifteen years*** to reach that goal with funding supports for teachers to obtain degrees which are not included in BBB.

In closing, the providers across the nation thank you for your support that has kept the childcare industry alive throughout the pandemic. They thank you for recognizing the importance of childcare and elevating it to a policy priority to build a better, sustainable system for families and children going forward. And we stand ready to be of assistance in any way we can and encourage you to please reach out to the provider voice in your state.

Thank you for your time.

Senate HELP Committee Members and ARPA State Highlights

The following chart includes a list of members from the Senate Health, Education, Labor, and Pensions (HELP) Committee that live in states that have used funding from the American Rescue Plan Act (APRA) to improve the child care infrastructure. The chart also includes ARPA highlights in Arizona, Georgia, Ohio, and West Virginia, as these states have red to blue senators. A full list of state ARPA highlights can be found here.

Member/State	ARPA Dollar Highlights
Patty Murray (D-WA), *Chair*	• Washington announced a shift to meet or exceed the federally recommended reimbursement rate (75th percentile of the current market rates).
Bob Casey (D-PA)	• Pennsylvania provided $600 in pandemic relief awards to eligible child care employees.
Chris Murphy (D-CT)	• Connecticut paid National Association for the Education of Young Children (NAEYC) and National Association for Family Child Care (NAFCC) accreditation fees to help providers maintain quality.
Maggie Hassan (D-NH)	• New Hampshire temporarily raised reimbursement rates by 10%.
Jacky Rosen (D-NV)	• Nevada temporarily paid on enrollment instead of attendance.

John Hickenlooper (D-CO)	• Colorado temporarily paid on enrollment instead of attendance. • Colorado will be increasing rates by 5% for the next two years. • Colorado provided testing kits, per employee, to child care providers.
Tammy Baldwin (D-WI)	• Wisconsin started a Workforce and Recognition Stipend program that offered a stipend of at least $350 for staff.
Tim Kaine (D-VA)	• Virginia expanded eligibility to 85% of SMI. • Virginia waived copayments for eligible families through the end of 2021. • Virginia covered child care costs for essential workers by allowing parents seeking work to be eligible for financial assistance.
Tina Smith (D-MN)	• Minnesota will be increasing rates by 5% for the next two years.
Ben Lujan (D-NM)	• New Mexico became the first state in the country to tie reimbursement rates to the true cost of quality care, rather than using a market rate survey. Market rate surveys focus more on what parents pay rather than the true cost of providing quality care, which is often significantly higher. • New Mexico provided scholarships for credentials including, AAs, Bas, and Mas for the child care workforce alongside its wage supplement program. • New Mexico provided $1,500 to child care workers.
Richard Burr (R-NC), *Ranking Member*	• North Carolina waived copayments for eligible families through the end of 2022.
Roger Marshall (R-KS)	• Kansas covered child care costs for essential workers by allowing parents seeking work to be eligible for financial assistance. • Kansas' Department of Health and Environment (KDHE) partnered with Battelle—a leader in the field of science and tech—to provide rapid, self-delivered COVID-19 tests to all licensed child care providers in the state.
Mitt Romney (R-UT)	• Utah announced a shift to meet or exceed the federally recommended reimbursement rate (75th percentile of the current market rates).

Jerry Moran (R-KS)	• Kansas covered child care costs for essential workers by allowing parents seeking work to be eligible for financial assistance. • Kansas' Department of Health and Environment (KDHE) partnered with Battelle—a leader in the field of science and tech—to provide rapid, self-delivered COVID-19 tests to all licensed child care providers in the state.
Bill Cassidy (R-LA)	• Louisiana waived copayments for eligible families through the end of 2021.
Mike Braun (R-LA)	• Louisiana waived copayments for eligible families through the end of 2021.
Tommy Tuberville (R-AL)	• Alabama waived copayments for eligible families through the end of 2021.
Ohio	• Ohio's Hero Pay program will provide $1,200 to child care employees, divided over 4 quarters. • Ohio covers 10 absent days per 6-month period when a child using subsidies is absent. Child care subsidies are often paid based on a child's attendance.
Arizona	• Arizona lowered copayments for families to $1 per day.
Georgia	• Georgia expanded to 85% of SMI. For Georgia in particular, this will enable an additional 10,000 children to be served until October 2024. • Georgia is paying providers full published tuition rates through October 2022, making childcare *free* to all families on subsidy scholarships for 18 months. • Georgia announced a rate increase of 15% in all quality categories until 2024. • Georgia announced $1,000 payments to the child care workforce in 2021 and will provide an additional two rounds of payments in 2022 for a total of $3000 in direct payments to ECE workforce including cooks, custodial staff, teachers, etc.