

**Testimony of the
Office of Child and Family Services
Department of Health and Human Services**

Before the Joint Standing Committee on Health and Human Services

Opposed – LD 566

An Act to Improve Access to High-quality Child Care by Increasing Child Care Rates

Opposed – LD 166

An Act to Increase Reimbursement for Child Care Services

Hearing Date: April 10, 2017

Senator Brakey, Representative Hymanson and Members of the Joint Standing Committee on Health and Human Services, I am Jim Martin, Director of the Office of Child and Family Services. I am here today to oppose LD 566, *An Act to Improve Access to High-quality Child Care by Increasing Child Care Rates*. I am also here to oppose LD 166, *An Act to Increase Reimbursement for Child Care Services*. I would like to offer the following information for your consideration to both of these bills.

LD 566 and LD 166 propose to increase the reimbursement rate of child care subsidy programs to the 75th percentile of the Market Rate across all types of child care services under the federal Child Care and Development Fund (CCDF) Block Grant. The Department has a strong commitment to child care services in Maine. In 2016 alone, the Department served over 9,000 children and over 5,600 families with child care subsidy assistance totaling \$26,059,627 (CCSP and TANF programs). The federal government allows states to have the flexibility to decide the percentile rate for reimbursement based on the current Market Rate. Additionally, the federal government allows states to reimburse different types of providers at different rates in order to meet the needs of families utilizing child care and the child care providers. OCFS opposes the automatic establishment of a 75th percentile reimbursement rate across all three child care subsidy programs and all types of providers. This would be a strong and draconian regulatory approach, which would limit the ability to increase or reduce the rate in response to the needs of families and child care providers. Likewise, there is a significant financial impact if this reimbursement rate is applied across all providers in all three subsidy programs. By implementing a reimbursement rate of the 75th percentile of the Market Rate across all types of child care programs, there will be a cost of approximately \$6.5 million annually.

When comparing programs across the nation, it is important to look at both the market rate and also the percentile of reimbursement to understand the actual dollar amount reimbursed to families. Maine is among the top 10 states for reimbursement of child care providers based on the actual dollar amount of monthly reimbursement paid to families. Only one state, Oregon, reimburses child care providers at the 75th percentile of current market rates. It is also important to note that Maine does not have a current waiting list for families. Likewise, Maine is in the top five states for the allowable income eligibility limits, with a current income limit of 85% of state median income, which translates into over 250% of the federal poverty level.

The Department is focused on increasing the affordability and accessibility of child care across Maine. In particular, the Department is implementing methods to increase family child care through revisions to licensing regulations and reimbursement. The Department believes that family child care offers increased availability to families that are seeking child care near their home locations. Additionally, family child care is a less costly means of child care when compared to center based child care.

Thank you for your time and attention. I would be happy to take note of any questions you may have and to make myself available for questions at the work session.