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Senate of  
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Senate District 15

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Testimony of Senator Roger Katz In Support of  
LD 566, *An Act To Improve Access to High-quality Child Care by Increasing Child Care Rates*  
Before the Health and Human Services Committee  
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Good Afternoon Senator Brakey, Representative Hymanson, and members of the Joint Standing Committee on Health and Human Services. My name is Senator Roger Katz, and I am here today to present LD 566, *An Act To Improve Access to High-quality Child Care by Increasing Child Care Rates*.

My sponsorship of this bill grew out of my work as a member of the *Working Group to Study Background Checks for Child Care Facilities and Providers*. I learned in the process that Maine is failing to fully draw down available federal funds for child care. I also learned more about all of the challenges facing child care providers in Maine. These providers struggle to recruit and retain qualified staff to make ends meet, given the modest child care rates that can be charged in Maine.

Maine government has several roles in the child care system. We license and monitor all child care providers, we accept Child Care Development Block Grant (CCDBG) funds to support a quality child care system, and use both CCDBG and TANF funds to provide child care vouchers to low-income families. Vouchers provided through CCDBG and TANF are incredibly important to low-income parents. These vouchers make it possible for them to work, get an education, or move themselves out of poverty. As of last year's Child Care Advisory Council report; 4,708 children were on TANF vouchers and 4,324 on CCDBG vouchers.

The rates paid by the state for child care vouchers are set according to a Market Rate Study that is periodically completed by DHHS. Rates vary based on the region of the state and the age of the children being cared for. It obviously requires more hands on attention and staffing to care for an infant than a 4 year old, and the rates are adjusted accordingly.

Rates are set relative to the range of rates found in the study for each region and age. The federal government recommends that state's set their rates at the 75th percentile of the market rate study. In other words, the rate that is below a quarter of providers and above three-quarters. There are two primary reasons for that recommendation. First, quality child-care costs more. Quality child-care requires both proper facilities and well-educated staff, both of which are expensive. By paying at the 75th percentile, states make it affordable for quality providers to accept vouchers. Second, higher rates expand access to child care for voucher holders. The higher rate entices more providers to accept the vouchers. As you will hear from people after me, there are providers in Maine who simply cannot afford to accept vouchers at our current rate, which is set at the 50th percentile.

Another reason I'm pleased to bring forward this proposal is that there is federal money available to pay for this increase. As I mentioned, the state is failing to fully draw down its CCDBG funding. The remaining \$4 million can be used to pay for this increase for child care vouchers. On the TANF side, this Committee is well aware that Maine is not fully expending its TANF funding and the remaining funds can be used for this rate increase. If necessary, TANF funds can also be used for vouchers under the CCDBG program.

There are many benefits to providing quality early care and education to infants, toddlers, and young children. UMaine Professor Philip Trostel in *Path to a Better Future: The Fiscal Payoff of Investment in Early Childhood in Maine* conservatively estimated a return of 7.5% on investments in quality early care and education. Children who receive quality early care and education do better in school, are less likely to be in special education, more likely to be working and paying income taxes, and less likely to be in jail, all of which reduces public costs or increases revenues.

Raising the child care rate to the 75th percentile is an essential investment to make quality early care and education available to all Maine children. Please support LD 566.

Thank you for your time and attention. I'd be happy to take any questions.