

Wednesday, December 10, 2008

**Testimony to Senate Appropriations**  
Department of Social Services – Child Care Assistance Eligibility & Rates

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Thank you for the opportunity to provide testimony to you today regarding Partnership for Children's FY '10 budget priorities for Missouri's children and families. Partnership for Children is Greater Kansas City's leading children's advocacy organization. Our mission is to focus the energy of our community and our government on enhancing life for children and youth through research, education, and advocacy.

At a time when both Missouri's businesses and families face unprecedented economic challenges, expanding access to quality early care and education programs is a sound economic investment in the working parents of today and the educational success of our next generation.

Child care is a critical workforce support, allowing an estimated 175,000 Missouri parents with young children to go to work every day. Access to quality, reliable child care leads to reduced employee absenteeism and parents work more productively knowing their children are safe.

The average cost of infant care in Missouri is nearly equal to tuition at the University of Missouri (\$6,500 a year), yet there is little assistance to low and even middle-income families who cannot afford quality early childhood programs that give children the skills they need to succeed in K-12 and beyond.

90% of a child's brain develops before the age of 5, making early childhood a critical period for lifelong learning and for preparing a future workforce for the challenges of a 21<sup>st</sup> century economy.

**Recommendation:** In order to help low-income families access quality child care that supports Missouri's current and future workforce, Partnership for Children urges the General Assembly to maintain and expand income eligibility and reimbursement rates for state child care assistance.

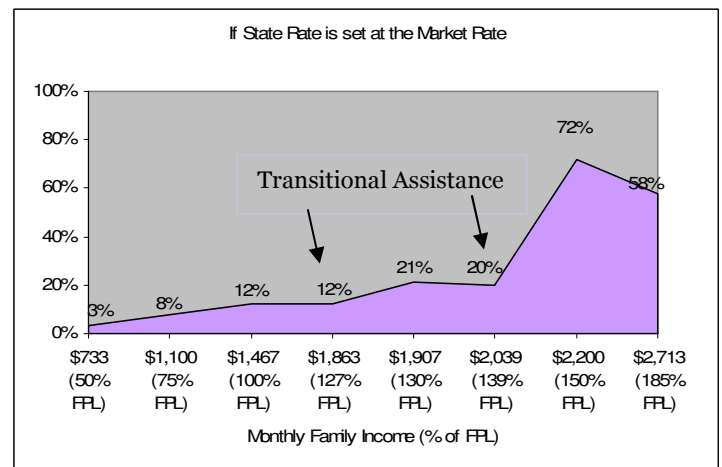
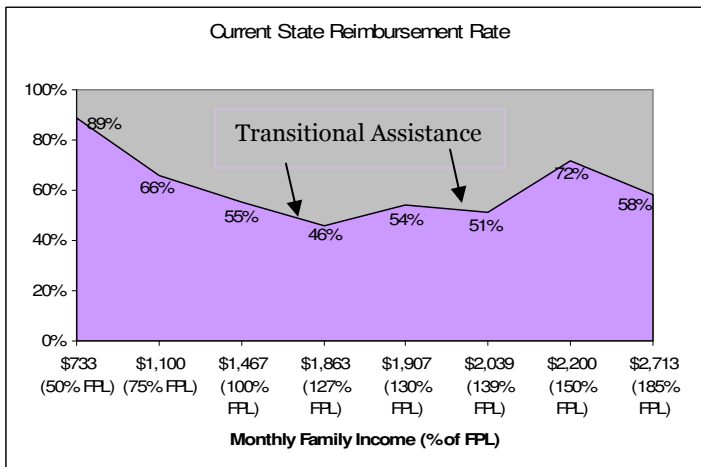
**Child Care Assistance Eligibility**

- At 127% of federal poverty (\$22,400/family of 3), Missouri's current income eligibility level for child care assistance is the 47<sup>th</sup> lowest in the nation. A single parent making just \$23,000 a year in Missouri is ineligible for assistance with child care costs that average over \$11,000 for two young children, comprising nearly 50% of her total income.
- In 2008, Missouri lawmakers funded a new transitional assistance program that now allows parents to accept up to a \$1 per hour raise over the income eligibility limit and maintain reduced child care benefits up to 139% of FPL.
- Without this transitional assistance, parents are often forced to turn down small raises or higher paying jobs because a small increase in income still does not come close to covering the full cost of child care if the parent loses eligibility for state assistance.
- It will cost \$3.4 million in FY'10 to maintain current eligibility levels and transitional assistance. If no new funding is allocated for child care assistance, ***nearly 1,000 children will lose access to affordable child care.***

## Child Care Rate

- Just like the impact of low Medicaid physician rates on access to necessary health care services, inadequate child care reimbursement rates prevent low-income families from accessing high-quality early childhood programs that have the greatest return on investment.
- Child care rates in Missouri have not kept pace with inflation for nearly two decades, causing our state to rank among the lowest in the nation for adequately reimbursing for the cost of child care.
- In many Missouri counties, the state only pays for 50% of the true cost of care. For example, in Jackson County, the state subsidy for one infant and one preschool child is \$946 a month while the market rate for child care is \$1,580. Either parents or providers end up paying this difference of \$634 a month, and ultimately low-income children are less likely to have access to safe, quality care.
- Inadequate reimbursement rates lower the quality of care available because providers do not have sufficient funds to improve programs or to pay higher wages to better quality teachers.
- It will cost \$3 million in FY'10 to maintain current child care rates and ensure that Missouri does not fall even further behind.
- The charts below show the effect that reimbursement rates for child care have on the percentage spent of family income. Even with state assistance, a single parent could still pay between 46% and 89% of her income to purchase child care at the regional market rate. Raising the state reimbursement rate would lower the family share of costs to 3% to 20%.

### % of Monthly Income Spent on Child Care Based on Level of State Reimbursement (Family Income for a Single parent with 1 infant & 1 preschooler in Jackson County)



**The greatest return on the state's investment will come from increasing eligibility and rates, to ensure that low-income families truly have access to high quality early childhood programs.**

Thank you for this opportunity to testify today on behalf of Missouri's children and families. Please contact Partnership for Children if you have any questions regarding any of the above budget recommendations.

### Partnership for Children

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