

To: The Honorable Members of the Pennsylvania Senate
The Honorable Members of the Pennsylvania Senate
The Honorable Tom Wolf Governor of Pennsylvania

As organizations concerned with access to high quality early childhood programs, we thank you for your interest in supporting early learning programs.

Over the last several years, child care line items have seen net decreases, including a significant \$20 million cut in state funds in FY '16-'17. In the Governor's budget proposal, he included a \$35 million increase for child care to begin to reverse this trend. However, the House responded with another \$28 million cut to FY '16-'17 levels. We urge the cuts be restored and serious consideration to the governor's requested increase.

Increased funding for child care is needed for many reasons, including:

1. **The child care subsidy waiting list is now over 14,000 children and some families have now waited over a year.** These families have been determined eligible and are working, in training, or in school. They have had to piece together child care arrangements for their children. Child care is a program that works for working families. It is not a free program. Parents pay approximately 8% of their income as a co-pay. With a looming \$1 billion deficit, we should want to keep families working and paying taxes.
2. **Child care payment rates haven't increased in a decade.** As we continue to invest in pre-k, providers are unable to support their programs for infants and toddlers at the existing rates. Base rates are what keep the lights on and pay for basic costs like rent, insurance, staff salaries – all of these costs have increased while the state's rates have remained stagnant.
3. **The child care workforce is underpaid and reliant on public benefits.** The average wage for a teacher working in a child care program is just \$9.42/hour, making many eligible for public benefits themselves. Low pay creates high turnover rates and a lack of qualified, quality staff.
4. **Appropriately funded child care programs are the foundation of our state's Pre-K system.** Our STAR 3 and STAR 4 providers offer high quality early learning experiences, similar to those delivered in other pre-k settings. Child care also serves infants, toddlers, preschool, and sometimes school-age children. They operate between 10 and 12 hours per day, 12 months a year. But our state reimbursement rate fails to recognize and support those costs. Expansion of our state's pre-k programs relies, in part, on a sufficient supply of high quality child care facilities.

Finally, the budget moved forth by the House alleges that cuts to child care are an attempt to reduce administrative costs for the subsidy program by moving the program from Child Care Information Services (CCIS) to County Assistance Offices (CAOs). We believe this is unlikely to produce the cost savings suggested. Subsidy administration is more than eligibility determination; it requires a range of support services to meet federal Child Care and Development Block Grant (CCDBG) requirements.

Evidence of efficiencies in the system can be seen from when the TANF child care subsidy system was moved from the CAOs and unified with the low-income working families program under CCIS agencies in 2007. In the first year, CCIS agencies saved \$42 million through coordinated system efficiencies and reductions administrative overhead as well as waste, fraud and abuse. Finally, CCIS consolidation improved parent counseling and referral, leading more children to enroll in reliable, regulated, and high-quality child care. To continue to pursue system efficiencies and administrative cost reductions, DHS and OCDEL are preparing to issue a RFA that would consolidate a number of services including CCIS and The Regional Keys.

Looking to the 2017-18 state budget, we urge you to make the necessary investments so that children and families can receive high-quality child care. Specifically, we ask that you restore cuts to child care as proposed by the House

and consider increasing the investment above the current fiscal year towards the Governor's \$35 million proposed funding increase.

Thank you for taking time to consider this correspondence.

Sincerely,