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**Testimony in Support of LD 2199-An Act to Ensure Subsidy Reimbursements and Emergency Financial Assistance for Certain Child Care Providers**

Joint Standing Committee on Health and Human Services  
February 20, 2024

Senator Baldacci, Representative Meyer and members of the Committee on Health and Human Services,

I am Eamonn Dundon, Director of Advocacy for the Portland Regional Chamber of Commerce. We represent 1,300 businesses in our region who employ over 75,000 Mainers. We are submitting this written testimony today to express our organization's strongest support for LD 2199.

The economics of childcare in Maine, significantly impacted by the pandemic, are also under pressure from revenue uncertainty caused by the current reimbursement rules. These rules are causing significant revenue uncertainty for providers, resulting in decreased incentive to open slots to working families through the Child Care Affordability Program (CCAP). In no other industry among our members are businesses asked to shoulder uncompensated fixed costs for the provision of services with the unpredictability that comes from a child's illness or family emergency, and yet that is exactly what childcare providers must sign-up for if they are willing to take children through CCAP.

The ebbs and flows of revenue are easier in industries like hospitality, where seasonality is a known and predictable variable. However, in childcare, given the structure of the subsidy reimbursement, unpredictable events in a child or family's life make building a stable and predictable budget and determining appropriate levels of staffing far more challenging. These are businesses that are already incredibly stretched providing a labor-intensive service with little to no labor productivity gains possible, and thus, they depend on stable and recurring revenues to keep their doors open and their staff paid.

The cuts to childcare dollars in Governor Mills' supplemental budget program aside, Maine is making tremendous progress in investing in childcare for working families through investments in the childcare workforce and increased eligibility for CCAP. Unfortunately, until this structural reimbursement gap is addressed, we will not see enough slots come online for the demand that we know will be there when CCAP eligibility is expanded later this year.

Finally, we believe the sponsor might be bringing forward language that would clarify that the department cannot utilize existing federal funding at the expense of existing subsidies to fund the requirements contained in LD 2199. We wholeheartedly support language to that effect, which is necessary to ensure that this legislation will not in any way diminish existing investments in our struggling childcare system.

We thank you for your time and commitment to all Mainers, and we ask for your expeditious approval of this important legislation.