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Commissioner



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February 20, 2024

Senator Joseph Baldacci, Chair
Representative Michele Meyer, Chair
Members, Joint Standing Committee on Health and Human Services
100 State House Station
Augusta, ME 04333-0100

Re: LD 2199, *An Act to Ensure Subsidy Reimbursements and Emergency Financial Assistance for Certain Child Care Providers*

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

Thank you for the opportunity to provide input on LD 2199, *An Act to Ensure Subsidy Reimbursements and Emergency Financial Assistance for Certain Child Care Providers*. We are sharing information on the proposed billing changes and sharing opposition to an emergency fund for providers.

This bill requires the Department to pay providers under the Child Care Affordability Program (CCAP) based on enrollment rather than attendance. The bill also directs the Department to create an emergency fund to provide short-term, one-time assistance to providers to meet facility or operational needs.

Based on what OCFS is hearing from federal partners and in recently-released proposed rules¹, we anticipate that that payments based on enrollment will become a requirement of the federal Child Care and Development Block Grant (CCDBG) within the next year. Currently, 36 states and territories pay based on enrollment and not attendance. This practice reflects the fixed costs of providers (wage, rent, utilities, etc.) and is the standard for child care paid for privately (i.e. by parents).

In the last legislative session, when payments based on enrollment were proposed, OCFS calculated that such a practice would cost \$5.9 million annually based on enrollment and payment practices in 2023. It is permissible to use block grant funds to cover the cost of enrollment-based payments for families under 85% of the State Median Income (SMI), although general fund would be required for any portion of the payments for families at 85-125% SMI. However, it is important to note that any policy changes that increase use of block grant funds will hasten the move toward requiring a waitlist for CCAP participation.

¹ <https://www.acf.hhs.gov/occ/outreach-material/nprm-ccdf-regulations-45-cfr-part-98>

Given this, a general fund appropriation for at least the cost of payments based on enrollment for this eligibility category would be required to implement this change and a full general fund appropriation for the policy change would be needed to prevent the need for a waitlist sooner than currently projected.

OCFS does not support developing an emergency fund for providers. As has been shared in the context of other bills, as a general policy principle the Maine Department of Health and Human Services does not support special payments to specific facilities and not all similar facilities. Additionally, it is unclear what specific circumstances would or should qualify for these one-time payments.

Please feel free to contact me if you have any questions during your deliberation of this bill.

Sincerely,

A handwritten signature in black ink that reads "Bobbi L. Johnson, LMSW". The signature is written in a cursive, slightly informal style.

Bobbi L. Johnson, LMSW
Director
Office of Child and Family Services
Maine Department of Health and Human Services