



Maine Children's Alliance

Advocating for the well-being of all Maine families.

Testimony of Rita Furlow
Senior Policy Analyst Maine Children's Alliance
Before the Joint Standing Committee on Appropriations and Financial Affairs and
the Committee on Health and Human Services
on LD 2214 Governor's Supplemental Budget
February 26, 2024

Good morning, Senators Rotundo and Baldacci, Representatives Sachs and Meyer, and members of the Joint Standing Committees on Appropriations and Financial Affairs and Health and Human Services. My name is Rita Furlow. I am the Senior Policy Analyst at the Maine Children's Alliance. We are a statewide non-partisan advocacy organization whose mission is to promote sound public policies and best practices to improve the lives of Maine children, youth, and families.

I offer testimony today in opposition to particular provisions of the proposed supplemental budget as it relates to child care services as found in Part A on page 52 and in Parts SS and TT on pages 69-70 of the Language provisions in the Governor's supplemental budget. These provisions in the proposed supplemental budget relate to legislation that was enacted last year following a hearing and work sessions in the Health and Human Services Committee on LD 1726, *An Act to Build Maine's Economy by Supporting Child Care for Working Families*. Ultimately, the language and funding related to the bill was incorporated into last year's biennial budget.

Child care is a critical need for families in our state. Families pay an average of \$11,284 to have a toddler in child care in Maine.¹ If a family has two children under the age of five, they are likely spending over \$20,000 a year on child care. One of the most significant elements of last year's legislation was to expand eligibility to the child care subsidy system so that more families could receive financial help to pay the cost of child care. In order to provide the administration with additional time to implement this element of the bill, the legislation provided that the change in eligibility would not begin until Jan. 1 of 2024. The proposal from the administration would remove \$4.8 million dollars from the budget. This money was intended to provide immediate relief to families to help them pay for child care – now.

A second significant change in the proposed budget relates to implementation of a financial incentive program for early childhood educators. The provision ensures that staff at child care facilities who require child care for their own children will be automatically eligible for the child

¹ Child Care Affordability in Maine – 2022. Source: Child Care Aware® of America's Catalyzing Growth: Using Data to Change Child Care Report Series. <https://info.childcareaware.org/hubfs/2022%20Price%20of%20Care%20State%20Fact%20Sheets/Maine%202022%20-Price%20Fact%20Sheet.pdf>

care subsidy system. We believe this can serve as a significant incentive to attract new staff and serve as an incentive to retain existing staff.

We are surprised that the administration has proposed to remove \$2.5 million from the supplemental budget to support the child care incentive program, has proposed new and significant language relating to the program, and pushed out any implementation to an unknown date in fiscal year 2024-25.

We urge you to reject any attempts to turn the incentive program into a two-year pilot. This will negate the program from serving as an incentive to attract new staff and will not support retention of existing staff. If the Department had significant apprehensions about this provision, they should have been raised last year during the public hearing and work sessions on the bill. Should the Department develop concerns about the incentive program for child care staff, they can evaluate the program and bring back suggested changes to the Legislature in the form of a department bill.

Below is the language from last's year's budget relating to eligibility and the educator/staff incentive:

Sec. VVV-11. Child care subsidy rules. The Department of Health and Human Services shall amend its rules in Chapter 6, Child Care Subsidy Program Rules, to:

1. Beginning January 1, 2024, increase eligibility for child care subsidies from 85% of the State's median income to 125% of the State's median income; and
2. Add eligibility for an employee of a licensed child care center or family child care provider if the applicant otherwise meets the eligibility requirements after the department disregards all of the employee's earned and unearned income and verifies the employee's employment.

We would also note that the Office of Child and Family Services released a memo on January 9th describing their progress as it relates to the Maine Child Care Affordability Program. The memo states related to the provisions mentioned above, that "OCFS anticipates rules to be effective Spring 2024."

We suggest that the \$4.4 million in additional funding from the wage supplement program that has result because of delayed enactment be pushed forward to benefit educators in FY 24-26.

We urge you to reject these proposals to delay and change elements from last year's budget related to child care. Families and early childhood educators have been waiting for implementation of these provisions since last July. These are provisions that are significant to their daily lives as they are trying to raise a family, pay their bills, or run a child care business.

Thank you for your attention and consideration.

Janet T. Mills
Governor

Jeanne M. Lambrew, Ph.D.
Commissioner



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MEMORANDUM

To: Child Care Subsidy Families and Providers
From: Office of Child and Family Services
Subject: Child Care Affordability Program (CCAP) Transition Plan
Date: January 9, 2024

The Maine Child Care Affordability Program (CCAP) was signed into law on July 11, 2023. 22 MRSA §3731-A established the program in the Department to provide child care subsidies in accordance with the principles described under §3732. The program supports high-quality child care needs of children and working families while also providing a living wage to early childhood educators. Eligibility for child care subsidies under the Maine Child Care Affordability Program are determined in accordance with Title 22, Chapter 1052 and adopted rules.

The Department of Health and Human Services, Office of Child and Family Services (OCFS) has created a transition plan for moving from the Child Care Subsidy Program (CCSP) into the Child Care Affordability Program (CCAP) based on dates set within the statute, established rulemaking processes, and the funding made available to the Department on October 25, 2023.

The following items will either begin immediately or will be implemented in the upcoming months:

- Renaming of the Child Care Subsidy Program (CCSP) to the Child Care Affordability Program (CCAP). The CCSP website is being updated as changes to the program are made. As printed materials need restocking, they will be updated replacing CCSP with CCAP as the program name.
- Hiring of staff as created by the law. Since funding for the new positions was not available until October 25, 2023, the Department is currently working with required state agencies to create and hire the four positions needed to implement CCAP.
- Eligibility decision within 15 days; retroactive reimbursement. The Department will determine eligibility for child care programs administered under CCAP within 15 days of receiving a completed application. The Department will also provide retroactive reimbursement to a child care program that provides tuition assistance to an applicant during the application period. This initiative will be enacted once rules are promulgated and appropriated positions are filled

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enabling the Department to comply with the policy. Rules will be promulgated in accordance with rulemaking processes.

- Changes in eligibility. The Department will notify a provider of child care services within 2 business days of when a recipient's eligibility changes. This is currently happening as CCSP includes notification by mail/or email to the child care provider at time of determination and notification to the parents.
- Payments to providers within 15 days. The Department will reimburse a provider for child care services rendered within 15 days of receiving a complete and accurate invoice satisfying all the state procurement and payment requirements. CCSP is currently reimbursing providers on a bi-weekly cycle for approved invoices.
- Beginning January 1, 2024, increase eligibility for child care subsidies from 85% of the State's median income to 125% of the State's median income. Rules will be promulgated in accordance with rulemaking processes. OCFS anticipates rules to be effective Spring 2024.
- Add eligibility for an employee of a licensed child care center or family child care provider. If the employee otherwise meets the eligibility requirements after the Department disregards all the employee's earned and unearned income and verifies the employee's employment, the child care employee would be eligible for subsidized child care payments. Implementation is dependent on rules which will be promulgated in accordance with rulemaking processes. OCFS anticipates rules to be effective Spring 2024.

As policies and rules change, OCFS will be providing outreach to child providers, families, and key stakeholders statewide.

In addition, OCFS has created a new email CCAP.DHHS@maine.gov and phone line, 207-624-7999 for CCAP.