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MEMORANDUM

TO: Joint Standing Committee on Innovation, Development, Economic Advancement, and Business
FROM: Office of Child and Family Services
DATE: May 17, 2021
RE: Information Regarding LD 1652

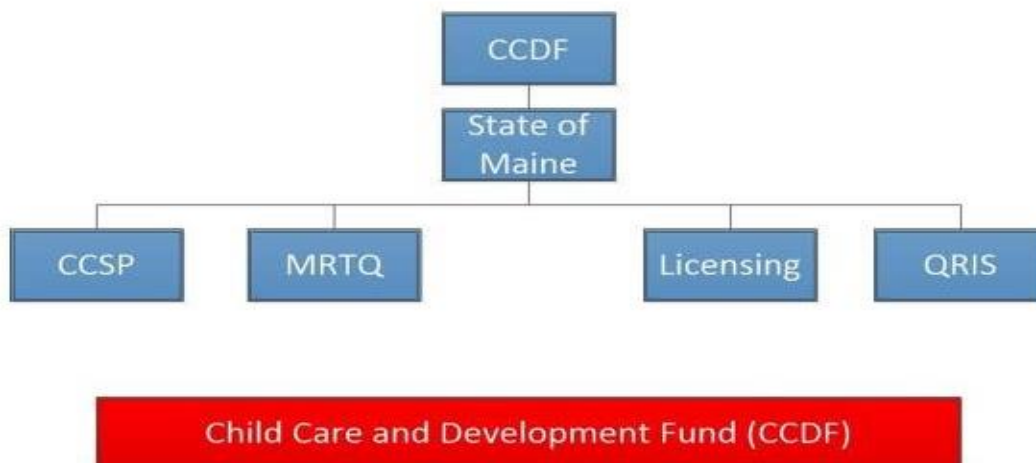
Child Care Plan

We have included a copy of the plan with this memo

How did the Department determine the amount of ARPA funding to allocate to salary supplements and what is the amount of the salary supplement?

- OCFS is planning to provide the salary supplements over a two-year period from October of 2021 to September of 2023.
- The amount will be \$100 per staff per month
- OCFS looked at the number of individuals currently on the Professional Development Network (PDN) registry (11,819) and rounded that up to 11,900.
- $11,900 \times 24 \times 100 = \28.56 million
- At 11,900 individuals the \$4.5 million per year would equate to payments of \$31.51 per month ($\$4.5 \text{ million} / 12 = \$375,000$ a month. $\$375,000 / 11,900 = \31.51). This does not account for the graduated system of salary supplements proposed in the bill based on the credential of the staff person and the course work they have completed.

Structure Supported by the federal Child care and Development Fund Block Grant and what does each program do?



- **Child Care Subsidy Program (CCSP)** – CCSP helps eligible families to pay for child care so parents can work, go to school, or participate in a job training program. CCSP is also available to eligible families where the adult(s) are retired and are the legal guardian of a child. Families must meet income guidelines. Families can choose their own child care provider provided they are a licensed child care center, licensed family child care providers, an adult who provides care in their own home, adult who comes to your home to provide care, and relatives who are over the age of 18. There is a parent contribution required (although it may be \$0), known as the parent fee, which is on a sliding scale. As of April 2021, there were 2,899 families receiving CCSP, representing 4,396 Maine children.
- **Maine Roads to Quality Professional Development Network (MRTQ PDN)** – Works to promote and support professionalism in the field of early childhood education and improve the quality through the provision of a statewide system of professional development. This program is funded by the Department and includes a professional recognition system, known as the registry, where members track work, education, early childhood credentials, and training histories. The registry includes a career lattice system. MRTQ PDN also provide technical assistance to help improve program quality and multiple training opportunities for professional development. MRTQ PDN currently has two articulation agreements with Institutions of Higher Learning and is working to establish new agreements. MRTQ PDN is also working to build upon the current Child Care Specialist I and II registered apprenticeship program through the Department of Labor. The goal is to create an organized apprenticeship program, including coordination with CTE programs throughout the state.
- **Quality Rating and Improvement System (QRIS)** – Known as Quality for ME, created by the Department as a way for parents to easily identify high quality early childhood education. There are currently 4-steps, with each step indicating higher quality. All licensed child care programs in Maine are eligible to participate after being in operation for one year. Information on the requirement for each step are available here: <https://www.childcarechoices.me/index.php/quality-rating-and-improvement-system/>.

T.E.A.C.H. Early Childhood Scholarship

- A program of the Office of Child and Family Services and administered by the Maine Association for the Education of Young Children.
- Child care center and family child care educators are eligible if they live and work in Maine, have a high school diploma or GED, are employed at a licensed child care facility or licensed family child care home, work a minimum of 30 hours a week, earn less than \$20 an hour, and have the sponsorship of their employers.
- The scholarships cover 80-90% of tuition and book expenses, provide a per semester travel/access stipend, ensure paid release time from the classroom, and include counseling support from MaineAEYC staff.
- There is a bonus structure for recipients who complete their contract.
- Recipients pay a portion of the cost of tuition and books and agree to remain as an employee of their sponsoring child care center or family child care home for at least one year following the completion of their contracts.
- Sponsoring child care centers and family child care providers commit to paying a very small portion of the employee's tuition, provide release time each week for scholarship, and provide a bonus on completion of the recipient's contract.
- A data sheet on the recipients of the scholarship over the last year is included with this memo.
- OCFS would also note that 2 of the 21 individuals who have received a scholarship have either left the field or left the state within the first year of the scholarship program.

Do we anticipate flexibility in other federal funding to support some of these goals?

We assume this is referencing funding for public pre-k programming. At this time, we do not foresee any of the long-term federal funding that has been discussed at the federal level becoming available to support child care programs. OCFS is working with DOE on the pre-k partnership expansion to have school districts partner with private preschool programs.

If LD 1652 was implemented would it reduce the cost of child care for families?

OCFS does not believe it would, and in fact it could make child care less affordable for some families as drafted. The current amendment proposes funding half of the \$4.5 million annual cost for salary supplements from CCDF grant dollars. This would reduce the amount of CCDF that can be used to support families through the Child Care Subsidy Program and would require Maine to implement a waitlist for CCSP sooner than currently projected. We understand that the sponsor may intend to remove the additional funding from CCDF, and we would support that amendment.

As Maine has planned for child care funding under ARPA, we noted guidance strongly recommended the funding be used by programs to reduce the cost of care for all families. As part of our work administering this funding we will be collecting data to see how many programs reduce their prices by utilizing funding.

The cost to implement licensing requirements limits the number of individuals willing to consider opening a new child care program.

OCFS would strongly disagree with this contention. The licensing requirements are in place for two reasons, first and foremost to ensure the health and safety of children. Every day families entrust their children to these providers and our licensing requirements are always intended to put the health and safety of children first. Second, portions of our licensing rules are required under CCDF regulations. For example, Maine recently implemented a system of fingerprint-based background checks for child care providers. This has been a CCDF requirement for several years but under the previous administration Maine had declined to participate in these background checks. In 2019 Maine was notified that the state would sustain a penalty of \$800,000 per year if it failed to implement these required background checks. The checks were implemented in 2020 and Maine did not incur the penalty. OCFS has paid for the cost of all background checks and plans to continue to do so over the next few years utilizing federal dollars. Whenever possible we seek to minimize the impact of regulations on providers to the greatest extent possible.

In addition, OCFS has some recent evidence to support the ineffectiveness of reducing regulations as a way to encourage the growth of the child care industry. Under the previous administration the Department implemented new rules for family child care providers in July of 2018. These rules were intended to significantly streamline the rules for family child care providers, including removing anything not directly related to health and safety. Despite the implementation of these new rules OCFS saw a decline of 168 family child care providers from 2018 to present (a loss of 16% of family child care providers). OCFS is currently in the process of finalizing new family child care provider rules that will reinstate many of the regulations that were removed in 2018.

Data on the decline in the number of family child care providers

There has been a decline, but we believe it does not tell the entire picture. From 2006 to 2016 there was a 19% decline in the number of licensed child care providers, but during this same time period there was a 2% increase in the licensed capacity among providers. This was reflective of a shift towards larger capacity child care facilities (which have a higher capacity per license). We believe that this may be reflective of market demand for more center-based care. This aligns with the data on MRTQ that indicates the majority of providers at Step 4 of the rating system are center-based providers and not family child care providers. Parents have a financial incentive to choose Step 4 providers as they receive an enhanced tax credit for the cost of child care services when utilizing a high-quality provider.