

October 1, 2021

Subject: Childcare Stabilization Grants

To Whom it may Concern,

We are writing to urge you to abide by the Childcare Stabilization Grant structure that the legislature itself laid out when it passed the measure. The structure of the grants intentionally directed the majority of funding to frontline teaching staff in all settings. These teachers deserve support whether they work in a center, an in-home setting, or other type of licensed provider. In addition, the 10% increase for providers serving families on CCAP should be maintained – most providers operate at a loss in order to serve these families who need it most and every additional dollar helps them maintain that crucial service. The reality is, the resources available will not be able to fully stabilize the childcare system or meet all the needs of any type of provider. But they are an important piece of the puzzle, and the rules have been laid out clearly and fairly. Those rules, set out by the legislature and in line with the federal requirements, should not be changed after the fact.

Using staff FTEs as the grant calculation rubric ensures that the intended increased compensation is available to all early educators across the state in an equitable way. Every educator is potentially eligible for roughly \$300/month in increased wages or benefits (70% of \$430) no matter the type of childcare setting in which they work, or the size of that setting. Since the aim of this portion of the funding is to support frontline staff providing direct care to children, we believe it is imperative to maintain that equity for educators in all types of settings. No one deserves more or less because they are in a setting that is big or small, urban or rural.

Our organization employs around 200 people, most of whom work between 38 and 50+ hours per week. While our total award dollars may look large compared to a small single provider or one with just a few employees, the reality is that our costs in all areas – staffing and operations – are scaled in proportion. The remaining funds that can be used for other expenses are helpful – but they will not (and were not intended to) cover all the financial needs of any provider, center or family childcare alike. Centers that serve large numbers of children and employ many teachers have significant costs to maintain operations, including:

- Sizeable employee related costs including payroll taxes, health insurance, vacation and sick time benefits
- Building mortgage, rent and maintenance costs (which do not enjoy the same tax benefits as in-home childcare centers)
- HR costs including recruitment (where costs are higher than ever), retention, payroll management systems
- Regulatory and legal expenses
- Transportation expenses for those who provide it

- Food, materials and supply expenses, which logically grow in scale with the number of children served

Again, our expectation is not that the stabilization grants cover all these costs for any type of provider – there are simply not enough resources for that. The support is just that, one piece of support that all providers must combine with their other sources of revenue to do their best in these challenging times.

Serving families on CCAP is a financial challenge for providers. Reimbursement rates have lagged for decades, and for most providers they do not cover the actual cost of care. Yet still providers (both center and in-home) choose to accept CCAP because we know all families, regardless of income, are deserving of high-quality care and education. The 10% additional funding for providers serving low-income families will not cover all the costs, for serving families in need requires significant investments in administration, child and family supports. But it does serve as a meaningful contribution, and a signal that the state recognizes the importance of giving all children access to quality care and learning.

The funding formula is not perfect, but we must not let perfection be the enemy of the good. We urge the legislature to work with DHS to resolve some of the implementation issues with the funds, but not to change the overall distribution formula. Many providers have already announced to their staff that they can rely on these increase benefits and compensation. To go back to those hard-working teachers and tell them that they will no longer receive this support would be a serious blow in a field where hiring and staff retention are already in a crisis. Providers have invested a great deal of time and effort in making plans for how they will use these funds to support staff and operations. Changing the rules and the funding amounts available now would mean that providers, who are already stretched extremely thin, would need to do that work all over again.

Again, we urge you to maintain the Childcare Stabilization Grant structure that was laid out by the legislature. Don't change the rules after the fact, instead let us all focus our collective attention on making sure that the program works as intended to support all early educators in an equitable and consistent manner.

Sincerely,

Alli Zomer, Director of Operations

DeeAnn Besch, Vice President of Operations

Especially for Children