



Thank you, Secretary Anderson and Dr. Norman-Nunnery, for this opportunity to provide commentary regarding the 2016-2018 Child Care and Development Fund (CCDF) Plan for Wisconsin. Let me take a moment to introduce myself. I am Jill Hoiting, Co-Director of Supporting Families Together Association, Wisconsin's statewide association for Child Care Resource & Referral Agencies and Family Resource Centers.

Child care, as we know it, is in a tenuous state, some might even call it a precarious state. On one hand, we are well aware of the critical nature of the first five years of life for the development of the brain. Our early educators in Wisconsin are working diligently to make long-lasting improvements to the quality of the care they provide by pursuing further education, changing their pedagogical and business practices and reshaping their environments. Their engagement and success in YoungStar demonstrates this.

At the same time, the cost of care is a growing burden on families. According to Child Care Aware of America's recent study, for center-based care, Wisconsin ranked 12<sup>th</sup>, 9<sup>th</sup> and 2<sup>nd</sup> for the least affordable infant, 4-year-old and school-age care respectively, demonstrating that child care assistance is critical. We also know that child care assistance benefits parents in their own work, supporting them in maintaining employment with the same employer, earning more income, and missing less work. In the U.S., approximately \$4.4 billion is lost annually due to child care breakdowns that result in absenteeism of employees, as described by Karen Shellenback in her report on child care and parent productivity.

Lastly, this growing cost of care is not only a burden on families, but also early educators. They are caught between needing to make a living wage themselves and understanding the real financial strains the families in their care are experiencing. According to a recent report from the Economic Policy Institute, not only do child care workers receive very low pay, but also as child care workers earn more education, the wage gap they experience in comparison to workers in other sectors with the same level of education widens. This illustrates what author, Elise Gould, calls "the 'wage penalty' of child care work." With this continued 'wage penalty', we lose and will continue to lose some of our most talented and educated in the workforce.

These three elements illustrate the dynamics of the child care sector and the tension pulling in opposite directions. However, the Child Care and Development Fund and the components of the plan offer opportunities to temper these tensions. There are three in particular that I would like to highlight here.

First, the plan creates increased and sustained access to child care assistance. With a 12-month eligibility period and one-time, 3-month job search period, families are better able to maintain their eligibility and by extension ensure continuity of care for children. We appreciate the thought and consideration the Department has given to ensuring that as soon as families regain eligibility, they have the ability to reapply for child care assistance should they lose eligibility after the 3-month job search. We encourage continued implementation of measures that reduce and eliminate any barriers families face to applying for or maintaining the child care assistance for which they are eligible.

Secondly, the plan reports the rates and percentiles for reimbursements in the most populous geographic region in the state. For every age range, reimbursements do not exceed the 53<sup>rd</sup> percentile with some dipping below the 50<sup>th</sup> percentile. The best practice is for reimbursement rates to be set to at least the 75<sup>th</sup> percentile of the current market rate or high enough so that families could access at least 75% of providers in the market.

In Wisconsin, we are far from this standard. By continuously striving to increase and improve rates to meet this standard, we can make strides for investing in early childhood which will result in great social and fiscal returns.

Lastly, there are specific circumstances which may necessitate more support for families to ensure that their children have the high quality early education experiences that will give them the strongest start possible. Currently, Wisconsin provides tiered reimbursements or add-ons for children with special needs and for enrollment in programs demonstrating higher quality through a 4 or 5 Star rating in YoungStar. However, there are several opportunities to more fully leverage and maximize tiered reimbursements or add-ons. For example, providing an add-on for non-traditional hours would support parents working second or third shifts and would make it a feasible business decision for providers to offer care during these hours. Additionally, through an add-on for infants and toddlers, enrollment capacity for this type of care could be increased, as providers could afford the costs to meet the necessary child-staff ratios. A tiered rate for authorizations to families experiencing homelessness could support families as they strive for stability and ensure their children have quality and continuity in their care. Lastly, increasing the reimbursement rates for 3 Star rated programs and 2 Star rated programs that actively participate in YoungStar would further support their growth and advancement in the rating system, resulting in more children in high quality care.

In summation, the tensions between cost and quality, compensation and affordability, cost savings and investment are building. However, Wisconsin is an innovative state. We've paved the way in scaling up a quality rating and improvement system to truly be statewide. We have developed and implemented programs that effectively create change in the practice of early educators and result in better child outcomes. With this track record of accomplishments, I have no doubt that we can also solve the sector's puzzle of quality and affordability and build the strongest child care system in the nation.

Thank you for your time today.