



## **Thursday, February 18<sup>th</sup> Miranda Oliver's Testimony**

Madam Chair and Members of the Committee,

Thank you for the opportunity to speak about the impact the Governor's proposed budget cut to the Child Care Assistance Program will have on child care providers.

I am Miranda Oliver, President of the Board of the Minnesota Licensed Family Child Care Association also known as MLFCCA and a licensed, accredited family child care provider. Although I do not currently have children in my program that are on Child Care Assistance Program (CCAP) I would like to explain some of the implications these cuts may have and speak on behalf of providers throughout the State of MN.

**MLFCCA is A professional family child care organization of licensed family child care providers serving children and family child care providers.**

MLFCCA's mission is to support the highest standard of care for children in Minnesota's diverse licensed family child care homes through education, resources, recognition, and advocacy.

The Minnesota Licensed Family Child Care Association provides the infrastructure for all of our statewide County Associations and neighborhood groups to meet and we are the link for these providers to the National Family Child Care Association of which we are an Affiliate.

First of all, I believe it is important to understand that each family child care provider actually represents a small business in Minnesota. There are approximately 12,000 family child care businesses in the state. These providers care for 187,000 children which is slightly more than half of all children cared for in licensed child care in Minnesota.

The child care and education industry in MN has gross receipts of well over \$900 million, one of the top industries in the State of MN. Besides the tax revenue this industry provides Minnesota, it is the industry that allows workers in all other jobs the ability to work by providing care and education for their children. Family child care providers purchase food, equipment and business services that keep so many other tax revenue industries alive.

Reducing the Child Care and Assistance program reimbursements results in family child care providers losing income and forcing them to make reductions in their programs that may lead to the demise of their businesses. Many family child care providers who have children that receive CCAP have expressed to me their concerns regarding the lack of funding and the lack of early childhood support. Many of them feel the current reimbursement rates are already inadequate. If the Governor's proposed cuts come to fruition, providers may be forced to turn away children on CCAP, charge the families the difference that they are not receiving from the CCAP program or cut items from their programs.

Madam Chair and Members of the Committee, I would like to give you a specific example from my program regarding the CCAP waiting list. I have a child care family that has been on the waiting list for over 13 months. In order to provide affordable care, I provided child care for no charge for one of the two children (which was 10% of my income). My business suffered directly from this by a loss of income and it is not something that I may consider in the future due to the strain it created for my business.

With the current economic state, family child care providers are already struggling to run their small businesses. Again, I'd like to remind you there are roughly 12,000 family child care providers in the State of MN. Several have already been forced to close their doors and several more are on the verge of closing. With the closing of any business, the state loses its much needed business tax revenues. Governor Pawlenty's proposed cuts to the Child Care Assistance program perpetuate that downward spiral making many working families unable to provide care for their children.

Cutting the Child Care Assistance program will directly decrease child care and education access for working families. Raising the co-pay for parents and increasing the waiting list for families seeking assistance results in many parents making the decision not to work at all because they cannot afford the cost of care. What happens then? Minnesota loses more tax revenue and families look for assistance programs whose cost to the state is higher, or worse, these families may continue working and put their children in situations that may jeopardize child safety and well-being.

Please consider how to keep people working. This is what Minnesota needs. Look at increasing revenue by maintaining and creating jobs, not by cutting the programs that allow workers to work.

Although I have been asked to speak to the economic impact of this decision, the most important consideration is the impact on children. Family child care providers cannot keep children whose parents cannot pay their bills. No business can function without income. Currently, these children often get bounced from provider to provider once it is evident they will not be paying their co pays and this practice will increase if these cuts are made. We know continuity of care is crucial to quality early childhood care. Continuity of care is what is so unique about family child care; the same person always

takes care of your child. How can we begin to talk about quality if we are not supporting the base that allows access for low income families to even have care?

Madam Chair and Members of the Committee to recap:

If the Child Care Assistance Program is cut:

1. A major Minnesota industry, 12, 000 small business owners of family child care, will be negatively affected, potentially resulting in less child care options for working parents as well as a loss of tax revenue to Minnesota.
2. Working families will suffer as more and more of them will not be able to afford quality child care.
3. Most importantly, children (187,000 who are in licensed family child care) will suffer as they lose continuity of care and the base for quality child care access. Results: negative impact on school readiness, future workforce and potential stress for some of our most vulnerable-children.

Thank you for your time and consideration.