



Arizona Child Care Association

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IMPACT OF ARIZONA'S OUTDATED CHILD CARE PAYMENTS

The State program that was designed to help low income working parents stay off welfare doesn't cover the cost of basic licensed child care, let alone the cost of quality early education. State child care payments are based on the 2000 costs. Outdated State payments do not allow low income working parents to access the quality of care that children need and deserve. Additional funding is needed to raise inadequate payment rates and bring them closer to the current cost of care.

Working poor parents should not be forced to choose between the basic needs for housing, food, clothing, and the quality of care their children receive while they work

CHILD CARE: ARIZONA'S PROGRAM – Child care was designed by the legislature and improved upon ten years ago in statute, with bi-partisan support, as part of the State's innovative welfare reform. Policy makers recognized that investments in child care allowed families to work and avoid welfare.

A VOUCHER WITH PARENTAL CHOICE - The State provides a “voucher” to cover a portion of the costs of child care to allow low income parents to work. Parents choose the provider that meets their needs. Payment rates must be comparable to the private sector charges to give eligible parents a true choice of child care providers.

BUT TRUE CHOICE REQUIRES CURRENT RATES – Federal law and Arizona statute require the State to make payments that are sufficient to ensure equal access for eligible children to the costs of care in the private market. The State is required to determine the costs of child care every two years.

CHILD CARE PAYMENT RATES ARE AT THE BOTTOM - A National Women's Law Center report show that only 4 other states use 2000 or earlier costs of care on which to base their subsidy payments. At least 41 states make payments that are closer to the current costs of care than Arizona.

STATE PAYMENTS FAR BELOW CURRENT COSTS - The current State payments do not cover what over 6 out of 10 the licensed centers in Maricopa and Pima County charge for young children. For example, the maximum the State will pay for a 3 year old in a preschool for 10 hours a day, 5 days a week in greater Phoenix is \$119. In 2006, the actual median cost in the private market was \$140.

ELIGIBLE PARENTS CANNOT MAKE UP THE DIFFERENCE - A family of three must make under \$2,284 monthly (\$27,408 annually) to qualify. All eligible working parents are required to make co-payments based on their ability to pay. Parents must pay up to \$10 a day per child and 20% of their gross monthly income and cannot afford to pay the difference between the state's payments and the current cost of care.

PRIVATE CHILD CARE PROVIDERS STRUGGLE - Child care is provided by businesses and non profit community based agencies who cannot keep up with the rising costs for employees, food, facilities, and fuel. The Consumer Price Index (CPI) has risen 17% since 2000. Licensed providers are forced to either limit state supported families or compromise the overall quality of care they provide.

LOW RATES DO NOT SUPPORT QUALITY - Continuity of care by a knowledgeable and nurturing adult is the key to quality. Low state rates depress teacher wages, limit employee benefits and training, increase turnover, and do not allow purchases of classroom curriculum materials, books, supplies, and equipment or facility improvements.

RATES DIRECTLY IMPACT WAGES AND TURNOVER -The 2004 median hourly wage for teachers in private centers, those who typically care for DES subsidized children, was \$8.57. 33% of private centers cannot provide any health care benefits for full time employees. Federally funded Head Start and public school operated programs are able to pay preschool teachers almost \$14.00 per hour, or 63% more, with comprehensive employee benefits. Better paid teachers in federally funded and public preschool programs stay in their positions twice as long as teachers in private child care.

RATE INCREASES MAKE A DIFFERENCE - A survey of the impact of past rate increases found that 90% of centers and group homes increased wages, 68% began offering benefits, 85% bought additional materials and supplies, 76% purchased new equipment, 73% made or planned to make facility improvements, and 57% purchased additional staff training.

LACK OF REGULAR INCREASES REQUIRES A SIGNIFICANT INCREASE. - An 18.5% increase or \$35 million is needed on an annual basis to bring the rates to the 2004 costs of care. Two factors contribute the need for a significant increase; the State's failure to regularly adjust the rates and rescission of past rate increases. In 2001, an increase of \$22.4 million (\$30 million annually) was appropriated but was rescinded when State revenues declined. The cost to close the gap grows each year when rate adjustments are delayed.

NOW IS THE TIME TO ACT - The State began to "catch up" last year by providing a modest increase to the 2000 costs of care. This was the first increase since 2001. The statewide average increase was only 4.6% and payments for many children in many areas of the state were not increased, most notably in Pima County and rural areas. With a healthy economy it's time to further catch up.

IF NOT INCREASED IN 2007, PAYMENTS WILL BE 8 YEARS BEHIND

**We urge the legislature to appropriate a meaningful increase
in the DES the subsidy rates effective July 1, 2007**

There is not more significant way to impact the accessibility and quality of care for children from low income working families than by paying the current costs of care.

The Arizona Child Care Association (ACCA) is a professional non-profit organization of private non-profit and proprietary licensed child care centers throughout Arizona. ACCA's mission is to promote accessible, affordable and quality early care and education that meets the needs of Arizona's families and young children. For more information contact Bruce Liggett, Executive Director, ACCA 2100 N. Central Suite 225, Phoenix AZ 85004 602-252-3845 bruceliggettacca@qwest.net