

POSITION STATEMENT

Fiscal 2011 Proposed Budget “Tap the Savings of Electronic Benefits for Child Care” (p. 35)

The proposal for payments for child care to move from paper checks to Electronic Benefits Transfer (EBT) should be well thought out before implementation. The notion has merit, but input from the child care community, specifically from providers who will be affected by the new system, is critical if the system is to be economical, efficient, and equitable.

The current system of child care payments is not perfect. The system is fraught with human errors relative to calculation of attendance, funding rates, timeliness of payments, and consistency in determination of eligibility. The impact of the 80% attendance rule is destructive to child care programs. Absences which occur regularly in early childhood education programs regardless of families' economic status result in programs losing funding through no control of their own. Subsidized child care programs cannot proffer unoccupied slots for a daily fee to recover the funding deficit caused by poor attendance. When child care slots are not fully attended, the state in effect, is forcing centers to hold empty slots while maintaining a waiting list of eager participants.

Implementation of an EBT system could eliminate the human error factor which would result in more efficient and timely processing of payments. Plausibly, the cost of administration would also be reduced. However, due to the nuance of child care programs, processing cannot be compared to the Food Stamp or Temporary Assistance to Needy Families (TANF) payment processing without altering the current payment strategy. Both the food stamp and TANF programs have regular, consistent payments made to participants. No calculations are necessary which helps to reduce the human error factor. Inevitably, administrative costs are reduced due to the regularity of payments.

In order to replicate the EBT system for child care, the 80% attendance factor must be removed such that all participants receive equal funding for each month of service. While conversion to the system will require thoughtful preparation with input from existing providers, it will be valuable if it models the current systems with consistent payments. The elimination of various levels of processors and administrators could prove to be cost effective. Child care programs would benefit from consistent, timely payments upon which the state funded preschool depends to ensure quality programming.