**Early Education Finance Committee**

**February 16, 2010**

* Madam chair and members of the committee.
* My name is Chad Dunkley, president of MCCA
* We represent about 250 child care centers throughout the state of Minnesota that care for about 30,000 children a day.
* I am also COO of NHA.
* We were founded in 1971 and currently operate 60 centers, 7000 children a day, employee 1400 Minnesotans. Currently about 20% of our families receive some assistance with their child care costs.
* I am very disappointed with the Governor’s proposal. He even said yesterday he didn’t cut early education. For most MN families’ child care is their Early Ed
* Once again we come to you to prevent irreversible harm to the Intergrity of the Early Ed system that is already hanging on by a thread. The Governor is proposing a 5% reduction in rates and the Senate is proposing a 3% rate reduction..
* What will cutting rates do?
* The Governor proposes to reduce a rate based on the cost of care in 2001. What other business does the State say in 2011 I want to pay you what it cost to provide your service in 2001 less 5%.
* Imagine saying to 3m I will only pay you the cost of scotch tape in 2001 less 5%.
* And families can go w/o scotch tape. They cant go w/o childcare.
* We are saying here families is a voucher for the cost of care in 2001 less %5 now go out and find care and make good choices..like school readiness since this is your child’s most formative years.. How can families purchase something in the market for less than it costs to provide it…they already have huge co-payments and rate differentials..
* Child care is also a work support. If I stop caring for 1400 families getting CCA how many will quit their jobs and need ***SIGNIFICANT*** other assistance. ***WHAT WILL THAT COST*** I alone would have to lay off 300 staff.  ***Unemployment costs on 300, plus lost tax revenue – ouch***.  And I am just one provider
* In 2003 I told a couple of committees here that programs would close if they decimated the Child Care system and they did.
* NH closed a center in Richfield, Crystal, Burnsville and Minneapolis and NH has not gone back to any of those communities.
* And what this proposal does by cutting rates decimates what’s left of quality in many Minnesota communities.
* if this 5% reduction goes through NH will leave communities like Columbia Heights (Laine), Maplewood (Slawik), and St Paul (Mariani).
* What people don’t realize many communities are mixed with families that are at risk and higher income families
* So when programs like mine have even 30% like Savage (Buesgens) and one of my Bloomington (Rosenthal) one in Apple Valley ( Mack) centers are at risk as well.
* If you cut these rates, I have 14 locations that are at risk of closing and the rest of my locations will probably stop taking families on subsidy because the rate differential will be too much for families to afford and way too much for me to absorb.
* Its not just NH. We surveyed MCCA members 40% said they would no longer take cca if rates are cut.
* If we close in Columbia Heights that community will lose its only 4 star rated Child Care program.
* And when NH closes in Columbia Heights or Maplewood, and you realize this mistake in 2 years or even next year, NH is not coming back.
* Like NH didn’t go back to Richfield
* Like NH didn’t go back to the Philips neighborhood.
* Like NH didn’t go back to Crystal.
* I want to focus on getting kids ready for school.not here fighting for survival every year
* NH can’t operate a business that way.
* That’s why the market rate system was ingenious, because it takes it out of the hands of legislators to have to decide rates every year and lets the market determine, because most families pay the full cost of care.
* And what is sad is the small savings you are going to get from cutting these rates will destroy infrastructure that will took decades to build and will take decades replace in communities that need it the most.
* Last, I know you have heard from Economists about the return on investment.I would like to share the cause….

* Please see the handout from Dr. Pam Schiller
* Page 13 is the top picture- normal 3 year old brain with good stimulation in a healthy environment. Bottom- picture in a non-stimulating environment.
* Page 12 this is the key to brain research.
* It is about windows of opportunity when wiring occurs, when enhancement occurs, and how to further enhance. REVIEW CHART
* We cant repair it next year with a new governor or in a few years if the budget improves..the damage done by cutting child care with cause immediate and permanent damage to our economy by losing jobs, our communities by losing their best providers, and to our children by missing their window of opportunity for their brain to develop to its greatest potential.
* I know your problem is large but find another way. Do things you can fix next year. This is not one of therm. So please find another way….