

Written Testimony Senate Hearing “Childcare and Other Policy Tools to Combat Bottlenecks and Inflation” 0226/2022

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Thank you, Senator Warren and the Senate Banking Committee for inviting me to share my story today.

I am the owner and director of A Place To Grow Children’s Center in Fayette County, WV. My husband and I opened A Place To Grow in 1995. We had an infant and a toddler. We both needed to work to provide for our children. I had worked during my college years in several childcare centers, and I knew the difference a high-quality early education program could make in our children’s lives. No such programs existed in our rural community. So, our adventure began.

The challenges of opening a childcare business began with the reality that the math does not always add up. Projections were not always enough to convince loan officers and potential business funders to invest. We secured a 2nd mortgage on our home and continued to pursue our goal of providing a safe, educational place for our children to grow.

The reality is the provider payments or subsidies funded through the Child Care and Development Block Grant (CCDBG) for low income, working families are not sufficient to cover the full cost of high-quality childcare. And if the prices charged to families outside of subsidy are too high and out of reach in our community, our revenue falls short.

Let me give you a basic example of the challenges we face:

The subsidy rate for the care for infants is \$36 per day.

The ratio for safe infant care is 1 teacher for every 4 infants, and 3 is the best practice.

That means that we receive \$144 per day in subsidy payments.

If we pay the teacher only \$10/hour, which is already below a fair wage, we are likely facing a personnel cost of \$120, with taxes included.

Wait...do we need to pay rent? How about utilities? Insurance? An additional teacher for breaks or long shifts?

Quite simply, the math does not add up.

Our business did indeed show a significant loss 23 out of the first 25 years in business. But our business also continued to grow to meet the needs of the community.

- We increased our original license capacity from 30 to 100 children.
- We achieved accreditation from the National Association for the Education of Young Children.
- We built a strong staff with a commitment to serve families.

Yet, we struggled to make payroll and often had to borrow for things like building repairs or equipment. We keep going because working families in our community depend on our center.

When the pandemic hit, we immediately felt panic. I was met with parents in tears, pleading with us to stay open. Parents needed to work. Our community needed them to work. Our staff made a commitment to take all precautions but continue to care for our children.

Fortunately, some help came quickly from the Small Business Administration. We used the SBA Economic Injury Disaster loans to pay off our high interest debt and cover utilities and our building mortgage. Then, the Payroll Protection Program came. We were able to stay open so those essential workers could rely on us, and our staff could rely on their paychecks. Then businesses stepped in. We had 4 businesses contact us to arrange to pay us directly for their employee's children to attend. Finally, longer term relief came in the form of relief funding to stabilize families and childcare programs. This made it possible for us to reassure families that we would not be closing.

Working together made the math add up.

The American Rescue Plan Act or ARP Act funds passed directly to childcare have enabled me to stay open. I've been able to maintain my commitment to high-quality childcare by supporting our educators, maintaining our facilities, and meeting the social and emotional needs of our children. I am currently able to fund continuing education for our teachers, retention bonuses for all staff, as well as paid sick leave – something that is smart for health reasons during an ongoing pandemic. I have been able to reduce caseloads and add additional assistant teachers to provide a higher level of care for the abundance of children who have suffered trauma due to the Opioid crisis, the Covid-19 pandemic, as well as a vast array of special educational needs.

In addition, the ARP Act funds that the state has used to subsidize family's childcare have allowed more parents access childcare and then go back to work. This is how the childcare system **should** work.

As our parents have learned of my travels here today, several asked that I share their stories. I have time for one

One grateful mom expressed "Having the subsidy help is a major blessing. Without it I am not sure that I could send both of my kids full time. Childcare is expensive and necessary. We would sometimes have to choose between paying our childcare bill or utilities or groceries. Parents must work. Most need both parents working to make ends meet. We have wonderful jobs and we still struggle. The kids love their teachers, and they are constantly learning and growing from their relationships with their teachers and friends."

As you can hear, childcare keeps our economy moving.

A Place To Grow's current enrollment consists of children being raised by grandparents, foster children, children with special needs, low-income families, working class families, as well as upper income professionals. This village works together to help each other when there is a need. Right now, they need our elected officials to recognize the value of childcare which gives them the ability to work. **The business of childcare is necessary for all other businesses.** The shortage of workers being experienced by businesses nationwide is connected to the shortage of childcare programs.

In addition, this is an urgent need. We cannot wait to invest in childcare. The relief funding is there today, but with a looming, quickly approaching end. Without collaborative work, and federal investment now, our village may collapse.

Please help us make the math add up.

Thank you for your time and consideration.