

Child care centers closing in state budget squeeze

BY MEGAN KAMERICK | NMBW SENIOR REPORTER

Sarah Gallant is exhausted.

The owner of Lynns Day Care in Bernalillo is working 12 hours a day without pay, and three of her employees have switched to part-time hours to take other jobs. Her reimbursement check from the state for providing subsidized child care has dropped to \$5,000 a month from \$15,000, because fewer new clients are coming through her doors.

"I don't know how much longer I can keep up with it," she said.

At least she's still open. That's not true for about 10 percent of the 560 child care centers listed with the New Mexico Children Youth and Families Department, according to a report from Olé Working Parents Association, community organizers that focus on issues affecting working families.

Olé surveyed most of the centers in the state. It got responses from 98, and found another 56 had closed. Of those still open, many said they might have to close if CYFD does not reverse a 4 percent cut to its reimbursement rates for providers serving low-income parents. The cut took effect in fall 2010.

Centers are also grappling with limitations on income eligibility. Because of a decline in the federal funds the state receives, CYFD modified income guidelines for subsidized child care. If parents earn between 100 percent of federal poverty

income guidelines (\$22,350 for a family of four) and 200 percent (\$44,700 for a family of four) they go on a waiting list. Those already in subsidized child care making between 100 and 200 percent of those guidelines were grandfathered in.

Those changes, and higher co-payments added by the state, mean fewer new clients, said Gallant. There are 6,895 children on the waiting list to get subsidized care, according to CYFD.

Ilene Marchant operates three non-profit child care centers in Albuquerque — Building Bridges Child Development Center, Eastern Child Development Center and Parkside Child Development Center. She said that for the first time in 11 years, she had to take out a line of credit to make payroll. She has put her employees on a four-day schedule so no one loses their job.

"We can weather the storm, but if it continues to blow, we're in trouble," she said.

The bigger issue, Marchant said, is the children who are no longer getting critical early brain stimulation.

Early childhood education has become an increasingly significant focus for the business sector in recent years around the country, as brain research reveals how critical those early years are to developing cognitive abilities. Rob Grunewald, an economist with the Federal Reserve Bank of Minneapolis, has urged officials to look at early childhood education as an eco-

nomic development issue.

In a recent article for the Fedgazette, Grunewald said child care centers play a vital role in the economy, because without them, many parents would be unable to work. But many centers are struggling to stay open amid state cutbacks, he noted.

Kyle Smith, who owns three Southwest Child Care locations in Albuquerque, has avoided laying off staff or freezing wages. She found a new revenue stream: nontraditional hours. She implemented her Flex-Care program earlier this year and tapped into a niche of low-income workers who need overnight child care.

"When these centers close, it's heartbreaking," she said. "I'm floating people as we speak, and they can't pay me, but I raised their children. They're my children. What am I going to do? Kick them out?"

Olé states in its report that child care providers were told the 4 percent cut in reimbursement rates would expire with the new fiscal year on July 1, but CYFD officials say that is not true. Rather, they were told the child care budget would be re-evaluated regularly, said Enrique Knell, spokesman for CYFD. The agency implemented the rate cut to continue helping all the families that were getting services at that time, Knell said. To restore the rates to previous levels would require \$3.5 million, he said. CYFD's current child care assistance budget is \$82 million, which will allow the department to serve 21,400 children, down from 22,000 last year.

The cost to restore eligibility for parents seeking new subsidized child care to 200 percent of federal poverty guidelines would be \$28.3 million, according to Olé.

Another underlying issue is the state's lagging rate for reimbursement nationally. The National Women's Law Center's report on state child care assistance policies found that New Mexico reimburses child care providers at about 40 percent below the market value.

Early Education on the Brink - study by Olé Working Parents Association
<http://bizj.us/b41yv>

State Child Care Assistance Policies 2011 - study by the National Women's Law Center
<http://bizj.us/b41z5>

Olé concludes that addressing all of those factors would require the state to invest \$53.5 million. Advocates in the last legislative session pushed for a bill that would invest 1.5 percent from the Land Grant Permanent Fund into early childhood education, but it didn't pass, said Myra Segal, deputy policy director for New Mexico Voices for Children, which focuses on issues surrounding poverty. Advocates plan to push for it again in the next legislative session, she said.

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