

CHILD DAY CARE IN KENTUCKY

RESEARCH MEMORANDUM NO. 458

LEGISLATIVE RESEARCH COMMISSION

January, 1992

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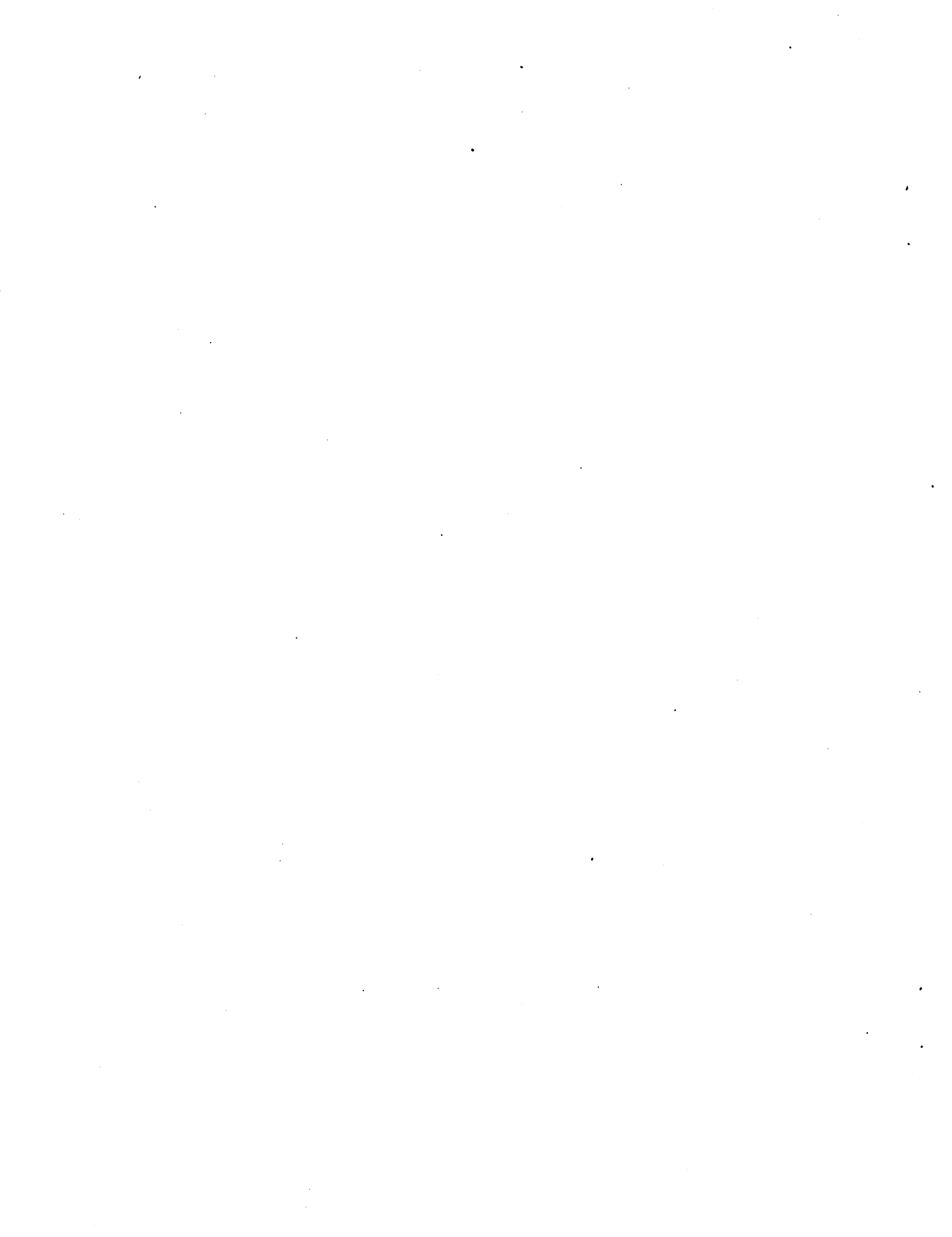
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Bob Gray

Research Memorandum No. 458

**Legislative Research Commission
January, 1992**

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M E M O R A N D U M

TO: Vic Hellard Jr., Director
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FROM: Bob Gray

SUBJECT: Research Study Directed by House Concurrent
Resolution 122

DATE: January, 1992

House Concurrent Resolution 122 was adopted by the 1990 Regular Session of the Kentucky General Assembly. The resolution directs the Legislative Research Commission to conduct a study of child day care in Kentucky, including the provision of subsidies, the distribution and organization of services, training for day care providers, and the role of resource and referral agencies in day care.

This memorandum presents the results of that study, and identifies a number of options for improving the availability, quality, and affordability of child care.

Enclosure

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I. THE IMPORTANCE OF CHILD CARE

"Child care is no longer a welfare issue or a women's issue, nor is it a luxury; it is an economic necessity and a critical element in strategies to increase the labor force and encourage economic growth".¹ This statement, from a 1988 University of Kentucky study of the status of child care in Kentucky, sums up the importance child care has attained in our society in the last 10 to 15 years.

Child Care and the Workforce

The growing link between child care and maintaining an adequate workforce is illustrated by a number of facts:

- Over one half of all women with children under the age of six currently work in jobs outside of the home.²
- The rate at which women in Kentucky participate in the labor force has grown substantially—from 17.6% in 1940 to 50% in 1980.³
- Women with children under the age of six represent the fastest growing segment of our workforce.⁴
- Kentucky's birth rate has declined from 16.9 births per 1,000 population in 1980 to 13.7 in 1988. Similarly, our young workforce population (age 15-34) has decreased by two percent in the last decade and is estimated to decrease by seven percent between 1990 and 2000.⁵
- The resulting shortage of skilled labor will require more women with children to enter the workforce who have not traditionally worked outside of the home, if employment needs are to be met.

Child Abuse and Neglect

Child care also plays a key role in preventing or remedying child abuse and neglect. The Commonwealth provides subsidized child care to children who have been or are at risk of being abused or neglected, and, as such, are in need of protective services. This assistance enables the parents to receive counseling or training, to reduce the burden on the family and prevent future abuse or neglect. The goal is to keep families together, instead of placing the child in a state-subsidized foster home.

An average of more than 3,000 Kentucky children currently receive protective child care services each month under the Social Services Block Grant. In addition, there was a 54% increase in the number of substantiated cases of child abuse and neglect from FY 1983 to 1990 (8,779 to 13,547 cases).⁶ If this trend continues, the need for child care in child protection can be expected to grow accordingly.

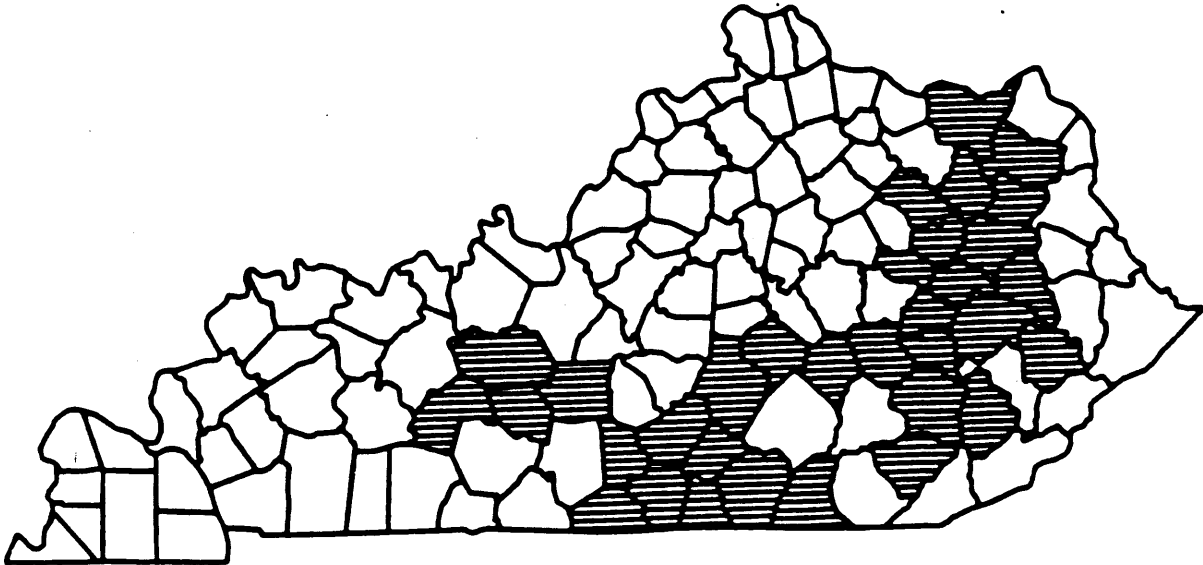
Poverty and Self-Sufficiency

In 1980, one in six Kentuckians lived below the federal poverty level, compared to one in eight Americans nationwide. One in seven Kentucky families were poor, and 34 counties have been classified as "persistently poor" since 1950. Of those families headed by a single parent, one third live in poverty.⁷ In FY 1990, 289,381 persons in Kentucky (including 207,100 children) received benefits under the Aid to Families with Dependent Children Program (AFDC).⁸ At present, one in four children in Kentucky are living in poverty.⁹

The map below indicates those counties which have been classified as persistently poor since 1950:

Figure 1.

Persistent Poverty Counties in Kentucky



Source: Garkovich, Lorraine, and Thomas W. Ilvento. *A Study of Poverty in Kentucky. Community Issues 10, No. 2, 1989.*

A critical element in addressing the needs of Kentuckians living in poverty is the provision of education, training, and subsidized employment programs that will provide skills that lead to employment. Because a substantial number of low-income families are headed by a single parent, child care is necessary, to enable the parent to be outside the home while participating in these programs. For this reason, child care plays a key role in Kentucky's efforts to foster self-sufficiency.

II. REGULATION OF CHILD CARE IN KENTUCKY

Types of Child Care Facilities

There are four basic types of child care in Kentucky:

The **Type I Day Care Facility** is center-based and provides full or part-time care, day or night, to 13 or more non-resident children in a facility which is not a dwelling. Type I centers are required to be licensed and are regulated by the Cabinet for Human Resources (KRS 199.896 and 905 KAR 2:010). There are 1,380 Type I facilities in Kentucky.¹⁰

The **Type II Child Day Care Facility** provides care for four to twelve children, not related to the operator, in a home or dwelling. Type II facilities are also subject to licensure and regulation by the Cabinet for Human Resources (KRS 199.896 and 905 KAR 2:010). There are 205 Type II facilities in Kentucky.¹¹

Family Day Care Homes provide day care to three or fewer children unrelated to the provider in the provider's home. Family child care homes are not subject to mandatory state licensure or regulation, but may participate in a voluntary certification program operated by the Cabinet for Human Resources (905 KAR 2:070). Participation in this certification program enables the home to participate in the child care food program. There are approximately 300 family day care homes statewide that participate in the certification program.

Unregulated Day Care consists of persons not subject to state regulation who are providing child care in their homes to three or fewer children and not participating in the voluntary certification program, and those persons who are operating in violation of state law by caring for more than three children without obtaining a license. It has been estimated that as many as 90,000 pre-school children and 100,000 school age children are in unregulated or "invisible" day care, and it is unknown how many children are caring for themselves.¹²

Statutory Requirements

Kentucky law requires a license to operate a day care center. KRS 199.894 defines a day-care center as "any child-care facility which provides full or part-time care, day or night, to at least four (4) children not related to the operator of the child-care facility by blood, marriage or adoption." Day-care centers operated by a religious organization while religious services are being conducted are not subject to licensure.

Licensure Regulations

The licensure requirements for Type I and Type II day care facilities are set forth by administrative regulation of the Cabinet for Human Resources in 905 KAR 2:010 (Appendix 2). The initial licensing fee is \$80 per year for Type I centers and \$40 per year for Type II, with an annual renewal fee of \$40 for both. Prior to receiving a license to operate, the facility is inspected by the Division of Licensing and Regulation in the Cabinet for Human Resources and shall:

1. Comply with applicable local zoning requirements;
2. Secure approval from the Office of the State Fire Marshal as having complied with the State Fire Code;

3. Maintain copies of a current tuberculosis test on all employees and adults who reside on the premises;
4. Have an approved sewage system;
5. Have proof of liability insurance;
6. Have adequate equipment, supplies, and staff to serve children; and
7. Have a criminal records check on all employees.

The regulation also sets forth minimum standards of operation for licensed facilities in the following areas:

1. Minimum staff to child ratios:

Age of Children	Ratio
Under one year	1 staff for 6 children
1 to 2 years	1 staff for 6 children
2 to 3 years	1 staff for 10 children
3 to 4 years	1 staff for 12 children
4 to 5 years	1 staff for 14 children
5 to 7 years	1 staff for 15 children
7 and older	1 staff for 25 children (for before and after school)
	1 staff for 20 children (for full day of care)

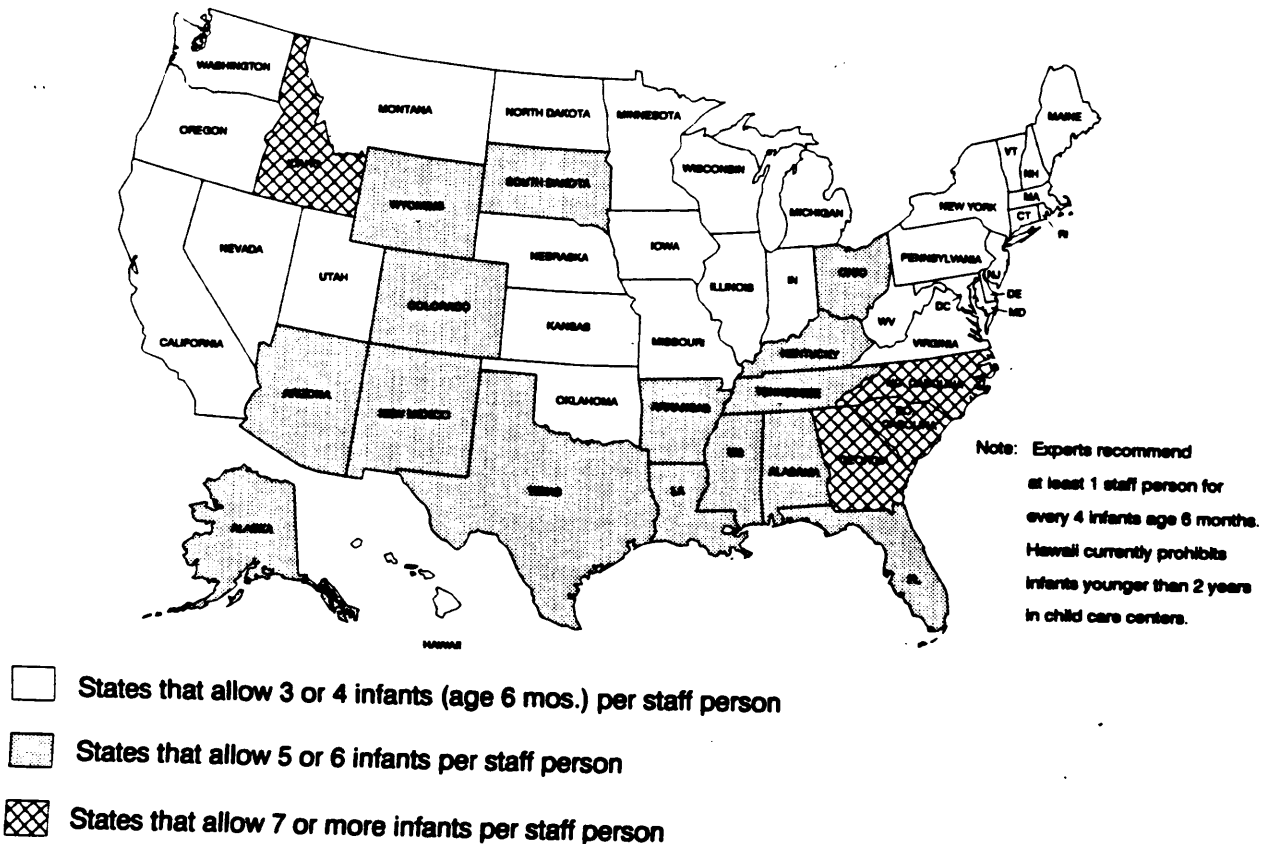
2. Records to be maintained;
3. Reports that must be filed with the Cabinet;
4. Child abuse or neglect;
5. Staff requirements, including six hours of annual training for all staff;
6. Physical requirements for facilities;
7. Care of children, including discipline;
8. Health and sanitation;
9. Transportation; and
10. Parents' visitation rights.

The Children's Defense Fund points out that the number of children a single staff member cares for is a critical determinant of quality in child care. In order to provide good quality care, the Fund recommends that a single caregiver be responsible for no more than three or four infants, four or five toddlers, or 10 preschool-age children. Kentucky falls considerably short of these recommendations.

A comparison of child-staff ratios in other states shows that Kentucky's ratios are quite high. Kentucky allows one adult to care for six infants. As Figure 2 reveals, only three other states allow higher ratios:

Figure 2.

State Day Care Staffing Levels for Care of Infants



Source: Children's Defense Fund, 1990.

The areas covered by Kentucky's regulations suggest the focus is on the provision of a clean and safe environment for the children in care. The fact that matters of curriculum, program content, and developmentally appropriate activities are not addressed has been an area of concern among child care advocates, as discussed in Section V. The Cabinet for Human Resources is now in the process of a major revision of these regulations, in an attempt to address such quality related issues.

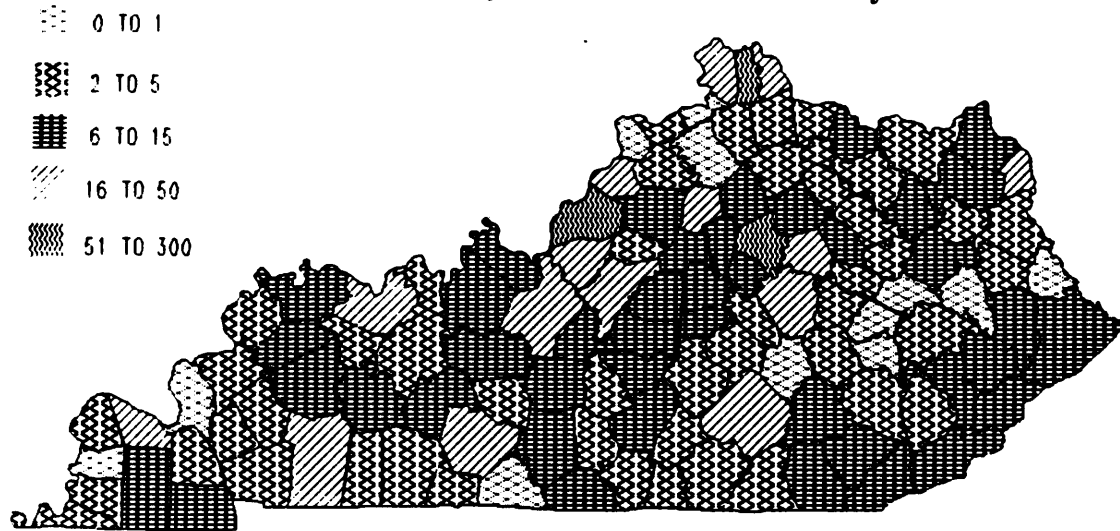
III. NUMBER AND DISTRIBUTION OF CHILD CARE SERVICES

Location of Licensed Services

As of January 1992, there were a total of 1,585 licensed day care facilities in Kentucky (including Head Start, which is licensed as a Type I facility) with slots for 80,726 children.¹⁸ There are a total of 1,380 Type I facilities and 205 Type II facilities. Figure 3 is a map representing the number of licensed facilities by county. Figure 4 shows the number of licensed child care slots by county.

Figure 3

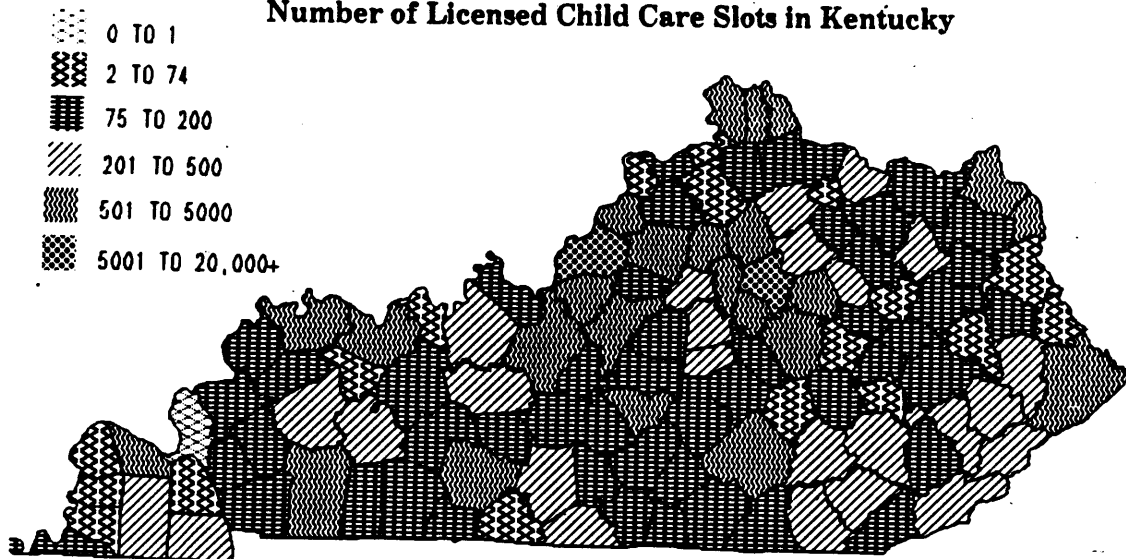
Licensed Day Care Facilities in Kentucky



Source: *Directory of Licensed Day Care Centers, 1992.*

Figure 4

Number of Licensed Child Care Slots in Kentucky



Source: *Directory of Licensed Day Care Centers, 1992.*

As these maps demonstrate, about 30% of licensed facilities are located in Fayette and Jefferson counties. The areas of Northern Kentucky, Owensboro, Paducah, and Bowling Green comprise about 20% of total facilities. The remaining 50% of facilities are located in rural areas. A total of 12 counties had one or fewer licensed facilities: Carlisle, Livingston, Allen, Trimble, Owen, Martin, Magoffin, Wolfe, Lee, Owsley, Rockcastle, and Gallatin.

These figures also indicate the relatively low number of licensed day care homes (Type II) in Kentucky. In 1990, there were 223,351 regulated family day care providers in the United States.¹⁴ At 205 licensed day care homes, Kentucky has fewer homes of this type than any other state in the United States.¹⁵

Cost of Licensed Services

A 1989 survey of all licensed child care services in Kentucky by Community Coordinated Child Care in Louisville estimated that the minimum average annual cost of care for a preschool child was \$2,000.¹⁶ The survey reported the average weekly fee for child care by the age of the child and type of facility, and by geographic area:

Table 1.

Average Weekly Child Care Fees By Age and Location

Age Group	Metro	Urban	Rural
Infants (0-1 year)	\$57	\$40	\$45
Toddlers (1-2 years)	55	40	43
3 years	51	39	42
4 years	50	39	41
5 years	50	38	41
School-age (full time)	47	37	40
School-age (before/after)	37	37	31

(Rates in Type II day care homes were approximately \$3/week lower than Type I centers.)

Source: *Child Day Care in Kentucky: A survey of All Licensed Facilities, Community Coordinated Child Care, 1989.*

IV. PUBLIC SUBSIDIES FOR CHILD CARE IN KENTUCKY

There are four main sources of public funds for child care in Kentucky. These include a combination of state and federal funds: Title XX Social Services Block Grant; Federal Family Support Act (Jobs Opportunity and Basic Skills program and Transitional Child Care); Title IV-A At-Risk program; and the federal Child Care and Development Block Grant.

Social Services Block Grant—Purchase of Day Care Program

Title XX of the Social Security Act provides block grants to states to provide child care to children who have been abused or neglected, or who are from multi-problem families—Priority I cases. The program also provides day care for the children of low-income working parents—Priority II cases. Eligibility for Priority II services is based on parent's income and is set at 60% of the state median income by family size. (905 KAR 3:020) Parents pay a fee to receive services based on a sliding scale, as shown in Appendix 1.

About 3,000 children per month are served in Priority I cases, and 2,000 children of working parents per month are served. For 1990, the average number of children on the waiting list for child care under this program was approximately 2,500. These are children who qualify for services but for whom no slots are available.¹⁷ The payment rate to providers participating in the program is about \$10 per day.

The number of children served under the Purchase of Day Care Program has more than doubled in the past decade, and funding has increased by over 140%:

Table 2
Day Care Provided Under Social Services Block Grant
FY 1981-1990

YEAR	CHILDREN SERVED	TOTAL EXPENDITURES
1981	4,048	\$4,263,712
1982	3,043	3,817,568
1983	5,698	5,112,012
1984	7,170	6,103,155
1985	6,581	6,864,740
1986	8,265	7,582,474
1987	8,235	9,368,619
1988	8,193	8,928,800
1989	8,423	9,655,500
1990	9,352	10,007,403
1991*	8,210	11,320,000

*Estimated

SOURCE: Kentucky Department for Social Services, Title XX-Social Services Block Grants.

Job Opportunity and Basic Skills Training Program—JOBS

The federal Family Support Act requires recipients of the Aid to Families with Dependent Children program (AFDC), to participate in a work, education, or training program called JOBS. Participants in this program will receive reimbursement for necessary child day care, transportation, and other expenses necessary for participation. The goal of the program is to provide recipients with skills that will lead to employment and ultimately to self-sufficiency.¹⁸

The law allows the recipient to choose the child care provider and permits a family member or neighbor to provide care, as long as the provider is not included in the AFDC grant. Payments for child care will range from around \$7 per day for unregulated care to \$13 per day for care provided in a licensed facility. Amounts will vary by Area Development District (See Appendix 2).

As of March 1991, the number of families receiving child care under JOBS was 3516, for approximately 6400 children. About 39% of JOBS participants used child care, at a monthly expenditure of approximately \$680,000. This averaged \$105 per month for each child in the program.¹⁹

Transitional Child Care (TCC)

The Family Support Act also provides child care services to AFDC recipients who have lost eligibility for benefits because they have become employed and earn too much income to continue receiving AFDC. The TCC program provides up to 12 months of child care for AFDC recipients who have been discontinued due to earned income.²⁰

Started in April 1990, the TCC program is serving approximately 815 children per month. This represents about 40% of all families who have been discontinued from AFDC due to excess earnings. As of November 1991, expenditures for child care were about \$89,886 per month, or \$110 per child.²¹

Child Care and Development Block Grant

The Federal Child Care and Development Block Grant program (enacted by Congress in October 1990) will provide funds to states to provide day care services. Kentucky is expected to receive \$15.4 million in this year under this new block grant.

The state is required to spend funds received under the block grant as follows:

- 75% is to be used to provide child care services and to improve the availability and quality of child care.
- 25% is to be used as follows:
 - 5.9% for measures to improve quality (such as resource and referral programs, assistance in meeting state and local standards, monitoring of compliance with licensing and regulatory requirements, training, and improving salaries).
 - 18.75% to increase the availability of early childhood development and before and after school services.
 - 1.25% for either quality or availability.

To be eligible for child care assistance under the block grant, a child must be under 13 years of age, reside with a parent or guardian at least six months of the year and come from a family whose income is below 75% of the state median income for a family of the same size. The

child must also be receiving or need to receive protective services, or reside with a parent who is working, or attending a job training or education program.

A child care provider eligible for these funds is either:

1. A center-based group home or other licensed child care provider regulated by the state;

or

2. A person 18 years of age or older who provides child care services to eligible children who are the grandchild, niece, or nephew of the provider, if the provider is registered with the state.

The Cabinet for Human Resources estimates that 3,500 additional children will receive child care with these new funds. Providers will be paid at the same rate used in the JOBS program, as set forth in Appendix 2. Parents will pay a fee according to a sliding, scale based on family income. Eligible families receive a certificate for services, which may be used with the child care provider of the parents' choice. Under the plan, the cabinet will designate child care workers to determine eligibility for services, as well as surveyors to inspect licensed day care facilities.

Title IV-A At-Risk Day Care Grants

The Omnibus Budget Reconciliation Act of 1990 amends Title IV-A of the Social Security Act to provide grants to assist states in providing child care to low-income families who are not receiving AFDC, need child care in order to work, and would otherwise be at risk of becoming eligible for AFDC. The law allows states to provide child care in one of the following ways: directly; by arranging care through providers, by use of purchase of service contracts or vouchers; by providing vouchers in advance to the family; by reimbursing the family; by adopting other arrangements deemed appropriate.

The state is required to pay the lesser of the actual cost of care or the applicable local market rate, as determined by the state. Families are required to contribute to the cost of care based on a sliding fee scale established by the state agency. Kentucky is eligible to receive up to \$4,295,661 under this program for fiscal year 1991. As of December 1991, the program was serving 4245 cases per month, with expenditures of \$885,913.

The total of public subsidies available to low-income families for child-care in Kentucky was more than \$25 million in 1991. The Cabinet for Human Resources estimates that 17,881 children of low-income working parents are in need of child care, and approximately 72%, or 12,874, can be served with these funds.²²

Child Care Food Program

The Child Care Food Program is administered by the U.S. Department of Agriculture and provides funds and commodities to feed children in child care programs. The program provides reimbursement to child care providers of approximately \$11 per week per child for meals and offers training and technical support for participating providers. To participate in the program, child care providers must be under a state-approved regulatory system, agree to meet federal nutritional standards, and be sponsored by a non-profit organization.

The low number of regulated family day care homes in Kentucky substantially limits participation in the child care food program in Kentucky. In 1988, only 3.3% of family day care homes in Kentucky were receiving food program funds.²³ It has been suggested that relaxing the requirements for family day care homes would increase participation in this program.²⁴

Tax Credit

Kentucky offers an income tax credit for child care expenses. However, Kentucky law is more restrictive than the current child care tax credit allowed under the federal tax code. KRS 141.067 provides a "credit for household and dependent care services necessary for gainful

employment". The credit is 20% of the federal credit allowed under Section 21 of the Internal Revenue Code.

For example, a middle-income working couple who pay \$2,000 annually for child care can claim a 20% credit, or \$400, against any federal income tax owed. On their Kentucky income tax, the allowed credit would be 20% of the federal credit, or \$80.

V. PROVIDER ISSUES

Child care providers have expressed a number of concerns relating to the regulation of child day care in Kentucky and the administration of public subsidies. Informal interviews with a number of provider groups consistently reveal a number of concerns:

Payment Rates: The current reimbursement rates under Kentucky's public subsidies (JOBS, TCC, Social Services Block Grant, At-risk program, and Child Care and Development Block Grant) have been criticized as too low. At an average of about \$10 per day, providers argue, this rate is too low to cover the actual cost of a quality program. By comparison, the preschool program for at-risk four-year-olds under the Kentucky Education Reform Act pays about \$12 per day. It has been suggested that an appropriate goal would be payment of 100% of market rates for child care that reflect the full cost of care.

Licensure and Regulation: State surveyors who regulate licensed day care facilities also inspect other types of licensed facilities, such as hospitals and long-term care facilities. Providers have suggested the exclusive use of surveyors who are child care specialists to inspect only child care facilities. A need has also been identified for the development of interpretive guidelines for licensure regulations that set forth concrete examples of acceptable practices. Providers consistently stated that regulations are not interpreted uniformly by different inspectors. Such guidelines would make regulations easier for providers to understand and would promote uniform application of licensure standards by state surveyors. In addition, if regulations for centers and child care homes were separated, the difference between the two types of care would be clearer.

Training: It is often difficult for day care providers to obtain training, particularly in rural areas. Providers must often travel to a community away from their home for training, which presents a problem for the home-based day care provider who is the sole provider of care. There is a need for training materials and home study opportunities, such as videotape courses, that would make training more convenient and accessible for providers.

Staffing: Keeping qualified staff is a major concern. The estimated annual turnover among all child care workers is 22%; wages are low and benefits are few. Child care workers are generally well educated; most have attended college and expect commensurate pay. Dissatisfaction with low wages undermines the stability of programs and can affect quality.²⁵ As a result, providers have argued that subsidies should be used to boost the salaries of child care workers.

Administration of Subsidy Programs: Different payment rates, eligibility requirements, contract provisions, payment methods, and program requirements have been cited as frequent sources of frustration for providers. The establishment of uniform requirements across all subsidy programs might reduce problems for providers and families. This uniformity would allow families to move from one program to another without having to reestablish eligibility or change providers.

VI. ACTIONS IN OTHER STATES

According to the National Conference of State Legislatures, the amount of state legislation dealing with child care issues has significantly increased in the last few years. This legislative activity has focused on three primary areas: **availability**—expanding the supply of child care; improving the **quality** of child care; and making child care more **affordable**.²⁶ The following is an outline of some of these efforts.

Loan Programs and Development Grants: A few states have established loan programs to assist private individuals in establishing day care centers. Maryland has a Child Care Facilities Direct Loan Fund, which provides funds to corporations, businesses and individuals to develop or expand child care facilities. Started in 1984, the program finances up to 50% of project costs and is a revolving fund with no cap on expenditures. Connecticut offers a similar program, called the Child Care Revolving Loan Fund, which provides loans to for-profit and non-profit corporations.²⁷

The Massachusetts Industrial Finance Agency provides loans to establish employer-based child care programs, primarily for small companies, groups of companies, and non-profit corporations. Loans must be used for purchases, renovations, construction, site planning, and permanent equipment. The maximum loan is \$250,000. New York has a similar program, which guarantees up to 80% of a bank loan for a child care center owned by a manufacturing company.²⁸

Resource and Referral Services: Resource and referral services are the most common employer-provided child care service.²⁹ These services are popular with employers because they are less expensive than providing child care services. They provide parents information on child care and the availability of local child care providers, and helps select a provider. Employers can contract with a private organization to provide these services or can provide the service to employees directly. Resource and referral agencies also provide training and technical assistance to providers, information on available public subsidies, and assistance to businesses in establishing child care services.³⁰

A number of states, including California and New York, fund extensive statewide networks of resource and referral agencies. Arkansas, Iowa, Massachusetts, New Mexico, North Carolina, Ohio, Oregon, Rhode Island, and Washington also fund resource and referral programs, but on a smaller scale.³¹

Tax Credits for Child Care: Providing tax credits to employers is a popular means of subsidizing child care. More than 12 states provide corporate tax credits or deductions for employer expenses for child care. Florida provides a 100% deduction for costs associated with establishing an on-site child care facility. Oregon provides a 50% tax credit—up to \$1,250 per employee—for corporations that provide child care. Arizona provides tax credits for the construction, purchase or renovation of child care facilities.³²

Although tax credits for child care are popular, the Child Care Action Campaign has noted that they have only had a marginal impact on increasing the supply of child care. The tax credit often goes to employers who would have provided services without it, and offers only a small financial incentive when compared to the actual cost to the employer of providing care.³³

Zoning Law Reform: One sure way to increase the supply of child care is to provide assistance to persons wishing to become child care providers and remove barriers to entering the child care industry. Complying with local zoning requirements can be a complicated as well as expensive legal process for prospective child care providers. A few states, such as Massachusetts and Connecticut, have revised zoning laws to allow family day care providers to operate in residential areas by prohibiting local governments from restricting the operation of day care homes in residential areas.³⁴

Child Care Salary Enhancement Efforts: As noted in Section V, child care workers receive fairly low wages—about \$5 per hour in Kentucky. It is difficult for providers serving low and moderate income families to raise wages for staff, because to do so would require higher fees for services. This could make the care unaffordable for these families. Most state efforts to improve child care salaries involve the indirect method of increasing payments made by the state for subsidized care

for low-income persons. However, several states—Alaska, Maine, Massachusetts, Minnesota, New Hampshire, New York, Pennsylvania, and Washington—provide direct subsidies to providers to improve the salaries of child care staff. Most of these programs use state child care subsidy programs to distribute funds, limiting participation to providers that participate in the state subsidy system.³⁵

The Children's Defense Fund suggests that salary enhancement efforts should be based on a stable source of funding and be designed to encourage professional development of staff and strengthen career ladders for child care workers. This can be accomplished by linking salary improvements to increased training and responsibility for staff. While helping to improve wages for child care workers, however, these efforts can also have the unintended effect of placing competitive pressure to raise salaries on providers who do not receive subsidies.³⁶

State Supported Training: Training is consistently cited as the most important factor in providing quality child care.³⁷ Training provides the basics of caregiving, helps providers to retain staff, provides updates on child development, and "yields positive outcomes for children, including higher levels of interaction between the caregiver and the children and more appropriate caregiving activities." In 1989, 29 states funded specific training efforts, ranging from a low of \$9,000 in Utah to more than \$1 million in California and New York.³⁸

The Children's Defense Fund has noted several common problems with training programs, including the cost, adequate training opportunities, inaccessibility of training, and lack of incentives for providers to participate in training. To assist with costs, some states, such as Maine and Maryland, offer training scholarships and direct financial assistance. Minnesota offers grants to pay one-half of the cost for providers to obtain their Child Development Associate credential. A number of states, including Kentucky, provide day-long training workshops for providers.

A number of methods are employed to make training more accessible, including the use of mobile training centers, resource and referral agencies, and video lending libraries. Virginia supports three child care media resource centers that lend training materials to providers. Vermont, Hawaii, and Montana provide funds to community-based nonprofit resource and referral agencies to provide training courses to child care providers. In Washington state, a toll-free telephone number has been established to provide information to parents and providers. And in Illinois and Wisconsin, training videotapes are being developed and distributed to providers by the state.³⁹

In an effort to encourage providers to obtain training, some states are linking payment rates to training levels. In West Virginia, family day care payment rates reflect the level of training of the provider.

Several states use their licensing agencies to provide training to child care providers as part of the licensure process. Pennsylvania, Tennessee, and North Carolina offer training to new or prospective day care licensees. Such training includes information on state regulations, the licensure process, and on operating a small business.⁴⁰

VII. LEGISLATIVE OPTIONS

This report has noted the importance of child care in maintaining an adequate labor supply, preventing child abuse and neglect, and encouraging self-sufficiency among Kentuckians who receive public assistance benefits. It is clear that government regulatory efforts play a key role in ensuring the quality of programs, while public subsidies make child care affordable for low-income working families. The Kentucky General Assembly might consider the following options for improving the quality, availability, and affordability of child day care in the Commonwealth:

Quality

(1) **Licensing Inspectors:** Consideration should be given to limiting state licensing inspectors who regulate child day care facilities to inspecting only day care and they should receive training in child development. A set of interpretive guidelines should be developed, with clear examples of how to comply with licensure regulations, to assist providers in understanding regulatory requirements and to promote uniform application of regulations from one inspector to another.

(2) **Training:** Consideration should be given to committing a portion of the new Child Care and Development Block Grant to the development of training resources that can be offered to child care providers in their home communities. This effort could include the creation of a child care training resources lending library, a home study course, training video tapes, or possibly a mobile training center that encompasses all or some of these elements.

(3) **Quality Incentives:** Consideration should be given to developing a voluntary incentive program that would encourage child care providers to maintain standards of operation that exceed current licensure regulations. Under such a program, those providers maintaining lower child-staff ratios, providing a certified curriculum, or employing staff meeting higher training requirements would be eligible to receive a higher level of payment under state subsidy programs for child care.

Availability

(1) **Resource and Referral:** Consideration should be given to establishing a system of grants with Child Care and Development Block Grant funds that fund local Child Care Resource and Referral Agencies. These agencies could then provide technical assistance to employers desiring to provide child care to their employees or establish an on-site child care center, provide information on child care to parents looking for a child care provider, and provide training and technical assistance to child care providers.

(2) **Family Child Care Homes:** As previously noted, Kentucky has fewer family child care homes than any other state. Consideration should be given to revising state law and regulations so that small family day care homes (six or fewer children) would not have to meet the same regulatory requirements as larger centers. This revision would increase the number of such services in Kentucky and make more children eligible for the Child Care Food Program.

Affordability

(1) **Tax Credits:** Consideration should be given to revising the child care tax credit under the Kentucky Income Tax to provide more financial assistance to parents who rely on child care. The current credit is 20% of the federal tax credit for child care. This provides little financial assistance to families who rely on child care.

(2) **Subsidies:** A recent University of Kentucky study concluded that day care subsidies increase employment. "Day care subsidies are the difference between working and not working" for between one in five and one in six low-income parents.⁴¹ This is a powerful reason to consider increasing the amount of subsidies provided to Kentuckians through the Child Care Block Grant and the Social Services Block Grant. Expansion of subsidies should be targeted to those counties identified as persistently poor.

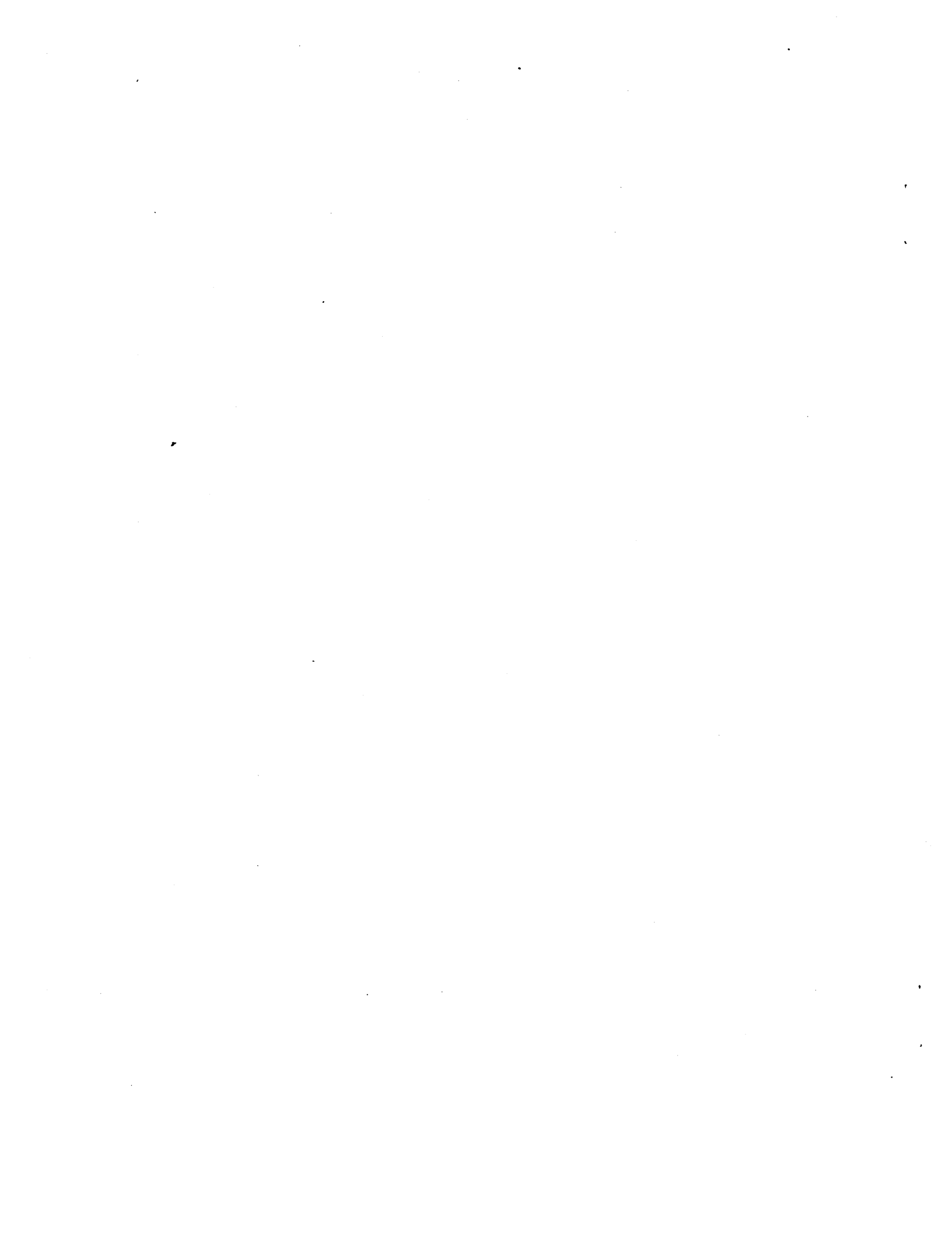
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APPENDIX 1.

Sliding Fee Scales for Child Care Subsidies

Income Range (Monthly)		FAMILY SIZE						
		Fee per day per family						
		2	3	4	5	6	7	8*
0	399	0.10	0.10	0.10	0.10	0.10	0.10	0.10
400	499	0.20	0.20	0.20	0.20	0.20	0.20	0.20
500	599	0.25	0.25	0.25	0.25	0.25	0.25	0.25
600	699	0.40	0.30	0.30	0.30	0.30	0.30	0.30
700	799	1.00	0.35	0.35	0.35	0.35	0.35	0.35
800	899	2.00	0.60	0.40	0.40	0.40	0.40	0.40
900	999	3.25	1.15	0.45	0.45	0.45	0.45	0.45
1,000	1,099	4.50	2.25	0.80	0.50	0.50	0.50	0.50
1,100	1,199	6.00	3.50	1.60	0.55	0.55	0.55	0.55
1,200	1,299	7.50	5.00	3.10	0.90	0.60	0.60	0.60
1,300	1,399	8.00	6.00	4.60	1.60	1.00	0.65	0.65
1,400	1,499		7.00	6.10	2.65	2.00	0.70	0.70
1,500	1,599		7.75	7.00	4.05	3.05	1.25	0.75
1,600	1,699		8.25	7.85	5.50	4.50	2.30	0.80
1,700	1,799			8.35	7.10	6.25	3.50	1.50
1,800	1,899			8.80	8.35	7.50	5.20	2.50
1,900	1,999			9.30	9.30	8.80	7.00	3.80
2,000	2,099			9.55	9.75	9.75	8.50	5.30
2,100	2,199				10.25	10.25	10.00	7.10
2,200	2,299				10.70	10.70	10.70	8.90
2,300	2,399				11.00	11.25	11.25	10.80
2,400	2,499					11.75	11.75	11.75
2,500	2,599					12.25	12.25	12.25
2,600	2,699					12.60	12.75	12.75
2,700	2,799						12.90	13.00

*For family size above eight (8), the family fee shall not increase. A fee is not charged in child protective cases.

APPENDIX 2.

Maximum Child Care Payment Rates by Area Development District

(FD Full Day, PD Partial Day)

PURCHASE AREA DEVELOPMENT DISTRICT #1

	Special Needs		Infants		Toddlers	
Providers	FD	PD	FD	PD	FD	PD
Licensed	\$10	10	10	7	10	7
Certified	\$ 9	9	9	6	9	6
Unregulated	\$ 8	8	8	5	8	5

	Preschool		School Age	
Providers	FD	PD	FD	PD
Licensed	\$10	7	10	7
Certified	\$ 9	6	9	6
Unregulated	\$ 8	5	8	5

PENNYRILE AREA DEVELOPMENT DISTRICT #2

	Special Needs		Infants		Toddlers	
Providers	FD	PD	FD	PD	FD	PD
Licensed	\$10	10	10	7	9	6
Certified	\$ 9	9	9	6	8	5
Unregulated	\$ 8	8	8	5	7	4

	Preschool		School Age	
Providers	FD	PD	FD	PD
Licensed	\$ 9	6	9	6
Certified	\$ 8	5	8	5
Unregulated	\$ 7	4	7	4

GREEN RIVER AREA DEVELOPMENT DISTRICT #3

	Special Needs		Infants		Toddlers	
Providers	FD	PD	FD	PD	FD	PD
Licensed	\$10	10	9	6	9	6
Certified	\$ 9	9	8	5	8	5
Unregulated	\$ 8	8	7	4	7	4

	Preschool		School Age	
Providers	FD	PD	FD	PD
Licensed	\$ 9	6	8	5
Certified	\$ 8	5	7	4
Unregulated	\$ 7	4	6	3

BARREN RIVER AREA DEVELOPMENT DISTRICT #4

	Special Needs		Infants		Toddlers	
	FD	PD	FD	PD	FD	PD
Providers						
Licensed	\$12	12	12	9	10	7
Certified	\$11	11	11	8	9	6
Unregulated	\$10	10	10	7	8	5

	Preschool		School Age	
	FD	PD	FD	PD
Providers				
Licensed	\$10	7	10	7
Certified	\$9	6	9	6
Unregulated	\$8	5	8	5

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT #5

	Special Needs		Infants		Toddlers	
	FD	PD	FD	PD	FD	PD
Providers						
Licensed	\$10	10	10	7	9	6
Certified	\$9	9	9	6	8	5
Unregulated	\$8	8	8	5	7	4

	Preschool		School Age	
	FD	PD	FD	PD
Providers				
Licensed	\$9	6	8	5
Certified	\$8	5	7	4
Unregulated	\$7	4	6	3

KIPDA AREA DEVELOPMENT DISTRICT #6

	Special Needs		Infants		Toddlers	
	FD	PD	FD	PD	FD	PD
Providers						
Licensed	\$13	13	13	10	13	10
Certified	\$12	12	12	9	12	9
Unregulated	\$11	11	11	8	11	8

	Preschool		School Age	
	FD	PD	FD	PD
Providers				
Licensed	\$11	8	11	8
Certified	\$10	7	10	7
Unregulated	\$9	6	9	6

NORTHERN KENTUCKY DEVELOPMENT DISTRICT #7

	Special Needs		Infants		Toddlers	
	FD	PD	FD	PD	FD	PD
Providers						
Licensed	\$12	12	12	9	12	9
Certified	\$11	11	11	8	11	8
Unregulated	\$10	10	10	7	10	7

	Preschool		School Age	
	FD	PD	FD	PD
Providers				
Licensed	\$12	9	11	8
Certified	\$11	8	10	7
Unregulated	\$10	7	9	6

BUFFALO TRACE DEVELOPMENT DISTRICT #8

	Special Needs		Infants		Toddlers	
	FD	PD	FD	PD	FD	PD
Providers						
Licensed	\$10	10	8	5	8	5
Certified	\$ 9	9	7	4	7	4
Unregulated	\$ 8	8	6	3	6	3

	Preschool		School Age	
	FD	PD	FD	PD
Providers				
Licensed	\$ 8	5	8	5
Certified	\$ 7	4	7	4
Unregulated	\$ 6	3	6	3

GATEWAY AREA DEVELOPMENT DISTRICT #9

	Special Needs		Infants		Toddlers	
	FD	PD	FD	PD	FD	PD
Providers						
Licensed	\$10	10	8	5	8	5
Certified	\$ 9	9	7	4	7	4
Unregulated	\$ 8	8	6	3	6	3

	Preschool		School Age	
	FD	PD	FD	PD
Providers				
Licensed	\$ 8	5	8	5
Certified	\$ 7	4	7	4
Unregulated	\$ 6	3	6	3

FIVCO AREA DEVELOPMENT DISTRICT #10

	Special Needs		Infants		Toddlers	
	FD	PD	FD	PD	FD	PD
Providers						
Licensed	\$10	10	10	7	10	7
Certified	\$ 9	9	9	6	9	6
Unregulated	\$ 8	8	8	5	8	5

	Preschool		School Age	
	FD	PD	FD	PD
Providers				
Licensed	\$10	7	9	6
Certified	\$ 9	6	8	5
Unregulated	\$ 8	5	7	4

BIG SANDY AREA DEVELOPMENT DISTRICT #11

	Special Needs		Infants		Toddlers	
	FD	PD	FD	PD	FD	PD
Providers						
Licensed	\$10	10	10	7	10	7
Certified	\$ 9	9	9	6	9	6
Unregulated	\$ 8	8	8	5	8	5

	Preschool		School Age	
	FD	PD	FD	PD
Providers				
Licensed	\$10	7	10	7
Certified	\$ 9	6	9	6
Unregulated	\$ 8	5	8	5

KENTUCKY RIVER AREA DEVELOPMENT DISTRICT #12

	Special Needs		Infants		Toddlers	
	FD	PD	FD	PD	FD	PD
Providers						
Licensed	\$11	11	11	8	11	8
Certified	\$10	10	10	7	10	7
Unregulated	\$ 9	9	9	6	9	6

	Preschool		School Age	
	FD	PD	FD	PD
Providers				
Licensed	\$ 9	6	9	6
Certified	\$ 8	5	8	5
Unregulated	\$ 7	4	7	4

CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT #13

	Special Needs		Infants		Toddlers	
	FD	PD	FD	PD	FD	PD
Providers						
Licensed	\$10	10	10	7	10	7
Certified	\$ 9	9	9	6	9	6
Unregulated	\$ 8	8	8	5	8	5

	Preschool		School Age	
	FD	PD	FD	PD
Providers				
Licensed	\$ 9	6	10	7
Certified	\$ 8	5	9	6
Unregulated	\$ 7	4	8	5

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT #14

	Special Needs		Infants		Toddlers	
	FD	PD	FD	PD	FD	PD
Providers						
Licensed	\$10	10	9	6	9	6
Certified	\$ 9	9	8	5	8	5
Unregulated	\$ 8	8	7	4	7	4

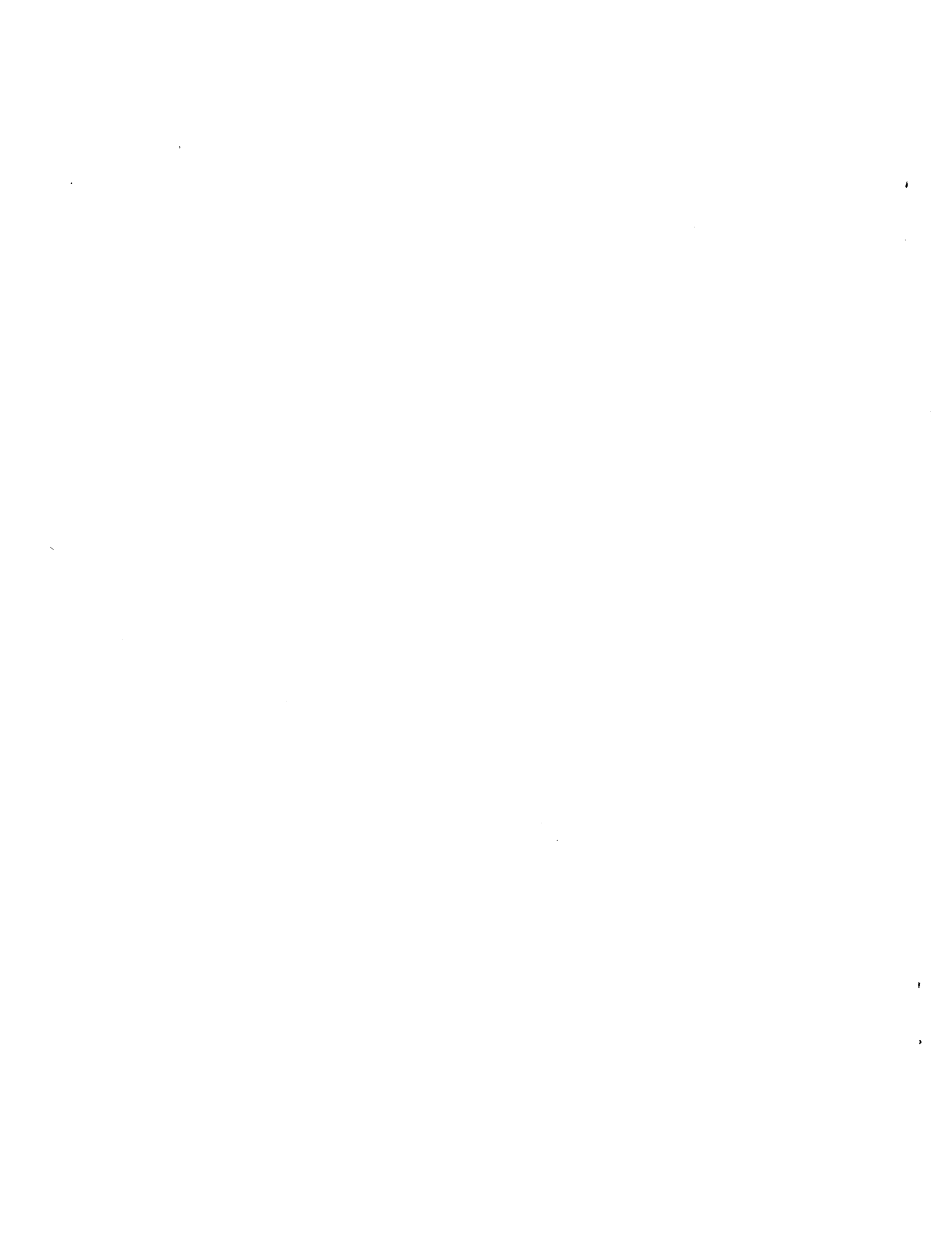
Providers	Preschool		School Age	
	FD	PD	FD	PD
Licensed	\$ 9	6	9	6
Certified	\$ 8	5	8	5
Unregulated	\$ 7	4	7	4

BLUEGRASS AREA DEVELOPMENT DISTRICT #15

Providers	Special Needs		Infants		Toddlers	
	FD	PD	FD	PD	FD	PD
Licensed	\$12	12	12	9	12	9
Certified	\$11	11	11	8	11	8
Unregulated	\$10	10	10	7	10	7

Providers	Preschool		School Age	
	FD	PD	FD	PD
Licensed	\$11	8	11	8
Certified	\$10	7	10	7
Unregulated	\$ 9	6	9	6

Source: 905 KAR 2:080



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