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LEGISLATIVE RESEARCH COMMISSION

State Capitol 700 Capital Avenue Frankfort KY 40601

502-564-8100

Capitol Fax 502-564-2922

Annex Fax 502-564-6543

legislature.ky.gov

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MEMORANDUM

To: Robert Stivers, President of the Senate  
 David Osborne, Speaker of the House  
 Members of the Legislative Research Commission

From: Senator Danny Carroll, Co-Chair *DC*  
 Representative Samara Heavrin, Co-Chair *SH*

Subject: Findings and Recommendations of the Early Childhood Education Task Force

Date: November 21, 2022

In a memorandum dated June 3, 2022, the Legislative Research Commission (LRC) established the Early Childhood Education Task Force with the following charge:

1. Conduct a comprehensive review of the early childhood caregiving and educational structures and operations in the Commonwealth.
2. Study all aspects of early childhood caregiving and educational structures and operations in both public and private sectors, including but not limited to finances, licensure and certifications, workforce, state and federal laws and regulations, capacity, quality, community education, economic factors, and parent satisfaction.
3. Research and review various delivery models of early childhood education, and include analysis of barriers to on-site child care centers for schools, businesses, and industry.

The eight-member task force began meeting in June 2022 and convened seven times during the 2022 Interim. Over the course of the seven meetings, the task force heard from various stakeholder groups from throughout the Commonwealth. These stakeholder groups were Kentucky Youth Advocates; the Kentucky Chamber of Commerce; Toyota Motor Manufacturing Kentucky, Inc; the Rockcastle Hospital Child Development Center; the U.S. Chamber of Commerce Foundation; the Cabinet for Health and Family Services; the Cabinet for Economic Development; the iKids Childhood Enrichment Center; the Memorial Education Center, Pulaski County Schools; the Kentucky Out-of-School Alliance; the Early Childhood Learning Education Assessment Resource Network; the Community Coordinated Child Care (4-C); the Kentucky Prescribed Pediatric Extender Care, Inc., The Kidz Club; the Mount Zion Church Preschool West Paducah; the First Christian Church Paducah; the Prichard Committee; the West Virginia Department of Education;

the Fayette County Public Schools; the Child Care Council of Kentucky; the Appalachian Early Childhood Network; the National Conference of State Legislatures (NCSL); the Kentucky Department of Education; the Texas Workforce Commission; Morehead State University; Henderson Community College; the North Carolina Department of Health and Human Services; and the Tennessee Department of Human Services.

In accordance with the June 3, 2022, memorandum, the task force submits the following findings and recommendations to LRC for consideration and referral to the appropriate committee or committees. These recommendations are based on the testimony provided to the task force during the 2022 Interim. The findings do not include independent research by LRC staff. This memorandum serves as the final work product of the task force.

## **Findings**

**1. Child care deserts exist across the Commonwealth and there is a demonstrated need to expand child care services through providers of all types.**

Child care research shows that some vulnerable early childhood populations are in rural populations. There are significant differences in the needs of rural children in Western Kentucky versus Eastern Kentucky. There are childcare deserts in the state, meaning there are families with no reliable child care or early childhood education opportunities. One model to help solve the issue of child care deserts is to start more in-home child care centers by educating willing individuals who want to start these child care centers. This could address childcare needs in struggling regions of the state and provide economic security for individuals who may not have other employment opportunities.

**2. There are five pillars to early childhood education in Kentucky, HANDS, First Steps, Head Start/Early Head Start, public pre-kindergarten, and independent childcare providers.**

The HANDS program is a home visiting program for pregnant women and very young children. The support begins with the prenatal stage by providing models of education engagement for mothers that can be implemented in the home starting from birth. The First Steps program brings dedicated special education therapy services into homes or daycares to provide for children, ages birth to 3, that may be exhibiting the early signs of a developmental delay. First Steps allows the therapists to provide training to parents and daycare employees. These interventions are very successful in creating a strong educational foundation. One of the most recognized programs for early childhood education is the Head Start and Early Head Start program. Head Start provides services to children ages three through kindergarten while Early Head Start is for children from birth to age three. Both are federally funded. In addition to early childhood education, Head Start/Early Head Start provide access to various health screenings and medical services, and often provide poverty assistance for at-risk families. Currently, every county in Kentucky has an active Head Start program but not all are participating in the expanded Early Head Start program. Public pre-kindergarten or preschool is the largest support service for children ages three through five with disabilities. The supports provided through public preschool make it possible for these students to be as successful as possible when they enter kindergarten. Most schools have only half-day programs, so

many parents rely on private daycare for the remaining half day. While the public school system has the specially trained teachers, the private organizations to which these children transition may not be capable of meeting their needs. Often this can result in children being dismissed from private daycare facilities because of issues stemming from their un-met special needs. There are approximately 2,000 independent daycares in Kentucky. While the state requires minimum standards, there are additional standards and accreditations that care organizations can enroll in to distinguish themselves in a highly competitive market. Some of these businesses are in homes providing care to a handful of children, while some are much larger operating one or many centers providing care to dozens of children. Programs can be full-day or part-day. These are largely paid for by parents.

**3. In Kentucky there are roughly two open jobs for every individual seeking a job, this puts a strain on employers trying to fill open positions.**

Prior to the pandemic, the ratio was more one to one. The number of individuals participating in the workforce has declined steadily over the last twenty years. Reasons for this decline including poor health outcomes, demographic change, attrition, benefits cliffs, transportation, and lack of quality childcare. As many as 68 percent of individuals polled by a bipartisan policy center said that availability of child care affected their ability to stay in the workforce, and 20 percent of respondents said they had quit a job to stay home with a child. This lack of involvement results in roughly \$573 million lost in productivity, revenues, and earnings in Kentucky.

**4. Childcare availability in Kentucky affects a person's decision to enter the workforce.** Research from the U.S. Chamber of Commerce Foundation found that there are 14 million families participating in the workforce and reliant upon childcare in the nation. About 50 percent of families surveyed said that childcare was the number one factor impacting their participation in the workforce with as many as 75 percent of women surveyed saying it affected their return to work after having children.

**5. The Kentucky Child Care Assistance Program (CCAP) is a key tool in early childhood education program funding.**

CCAP has received several increases in funding from both state and federal sources. The Cabinet for Health and Family Services filed an emergency administrative regulation 922 KAR 2:160E on October 11, 2022 related to new rates for the CCAP by increasing initial eligibility to 200 percent of the federal poverty level. Additionally, the emergency administrative regulation increased recertification eligibility from 200 percent of the federal poverty level to 85 percent of state median income. The Cabinet also expanded the transitional period for households exiting the program due to exceeding income limits from three months to six months.

**6. House Bill 499 from the 2022 Regular Session created a pilot program for an employee childcare assistance partnership to incentivize employers to contribute to the childcare costs of employees.**

Partnerships such as this one are vital to address barriers to quality childcare and are necessary to support Kentucky's economy. Employer contributions to this program are

matched by state general funds established in a trust specifically for this program, dependent on employee's household income. The implementation timeline for this program begins with promulgation of new regulations outlining application, verification, and payment processes over the next year. The Cabinet for Health and Family Services will begin accepting applications in April of 2023 with a goal of the first payments to be issued in July of 2023. They are also in the process of creating a new section within the Department for Community Based Services' Division of Childcare to administer the program, like the administration process for CCAP.

**7. Child care worker shortages lead to a lack of adequate child care in Kentucky.**

Employees of licensed child care facilities, certified family child care homes, and other non-regulated in-home child care providers make an average of \$10 to \$14 an hour and many with no worker benefits. This low rate of pay creates a system of staffing shortages and many child care centers can never operate at capacity due to the lack of staffing. Possible solutions to this problem are state supported wage enhancement programs, child care business coaching, and employee continuing education and certification supports.

**8. Nationally several states have policies that encourage collaboration and coordination across different agencies to align rules, processes, and funding requirements. Thirteen states have a governance structure of consolidation that combines existing programs and divisions into one state agency. The final approach, used in eight states, is the creation of a dedicated early childhood agency that reports directly to the governor's office.**

Kentucky has a policy that encourages collaboration and coordination across different agencies. In Kentucky the coordination is between the Cabinet for Health and Family Services; the Kentucky Department of Education; and the Education, Workforce, and Development Cabinet.

**9. High quality child care provided by trained providers is beneficial for the academic and social development of children.**

## **Recommendations**

1. Increase child care access and quality for working families by supporting employer engagement in child care solutions and to ensure successful implementation of the Employee Child Care Assistance Partnership that was established in HB 499 from the 2022 Regular Session that will include partnerships with the Cabinet for Health and Family Services and economic development organizations throughout the Commonwealth.
2. Encourage the Cabinet for Health and Family Services to utilize the Child Care Assistance Program (CCAP) for providing eligibility for child care workers, providing a transitional period for families exiting the program in order to address the benefits cliff, establishing a cost modeling method to set CCAP provider reimbursement rates based on

the true cost of quality care, and sustaining current CCAP eligibility standards established by administrative regulation.

3. Encourage the Kentucky Department of Education to expand the capacity for Head Start/Early Head Start, public pre-kindergarten, and other public private partnerships.
4. Encourage the Cabinet for Health and Family Services to establish child care worker wage enhancement programs, child care business coaching programs, and employee continuing education and certification support programs that include the development of post-secondary education programs in early childhood education ownership and entrepreneurship.
5. Encourage the Kentucky League of Cities, the Kentucky Association of Counties, and the Kentucky Department of Local Government to study and formalize zoning and land use regulations to facilitate the growth of child care services while continuing to ensure safety, appropriate land use rules, and local control.
6. Direct the Division of Child Care, in collaboration with the Department of Revenue and the Cabinet for Economic Development, to raise awareness of and address issues related to state and federal tax laws, including tax incentives, that affect child care facilities and employer-based child care benefits in the Commonwealth.