

A FOUNDATION FOR ACTION

Shared Solutions to
Child Care Challenges in Kentucky

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New Research on the Economic and Workforce Impacts of Child Care

- Impacts of high-quality child care on outcomes for children (see pp. 9-11 of *A Foundation for Action*)
- Workforce participation and economic growth
- With more access and improved affordability, Kentucky could:
 - Gain **16,000 to 28,000** new workers
 - Create **\$600 million to \$1.1 billion** in positive impact on **wages, income taxes, and sales taxes**



A WORKFORCE SOLUTION THAT *Works*

How Child Care Can Close Kentucky's Workforce Gaps and Grow our Economy

AUGUST 2025



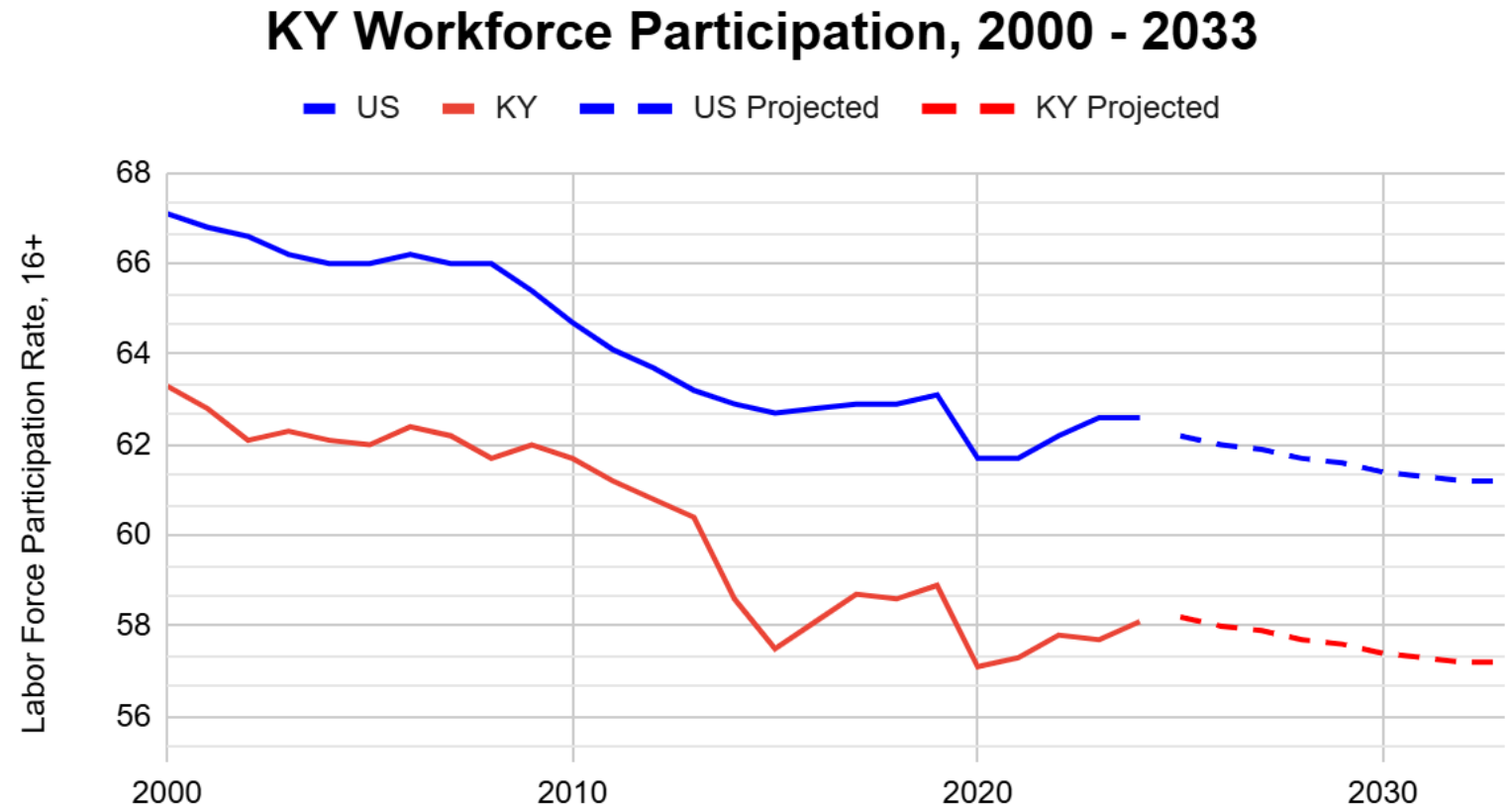
Kentucky Chamber
Center for Policy & Research



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- The share of our adult population **that works** is getting smaller
- This problem is expected to **get worse**



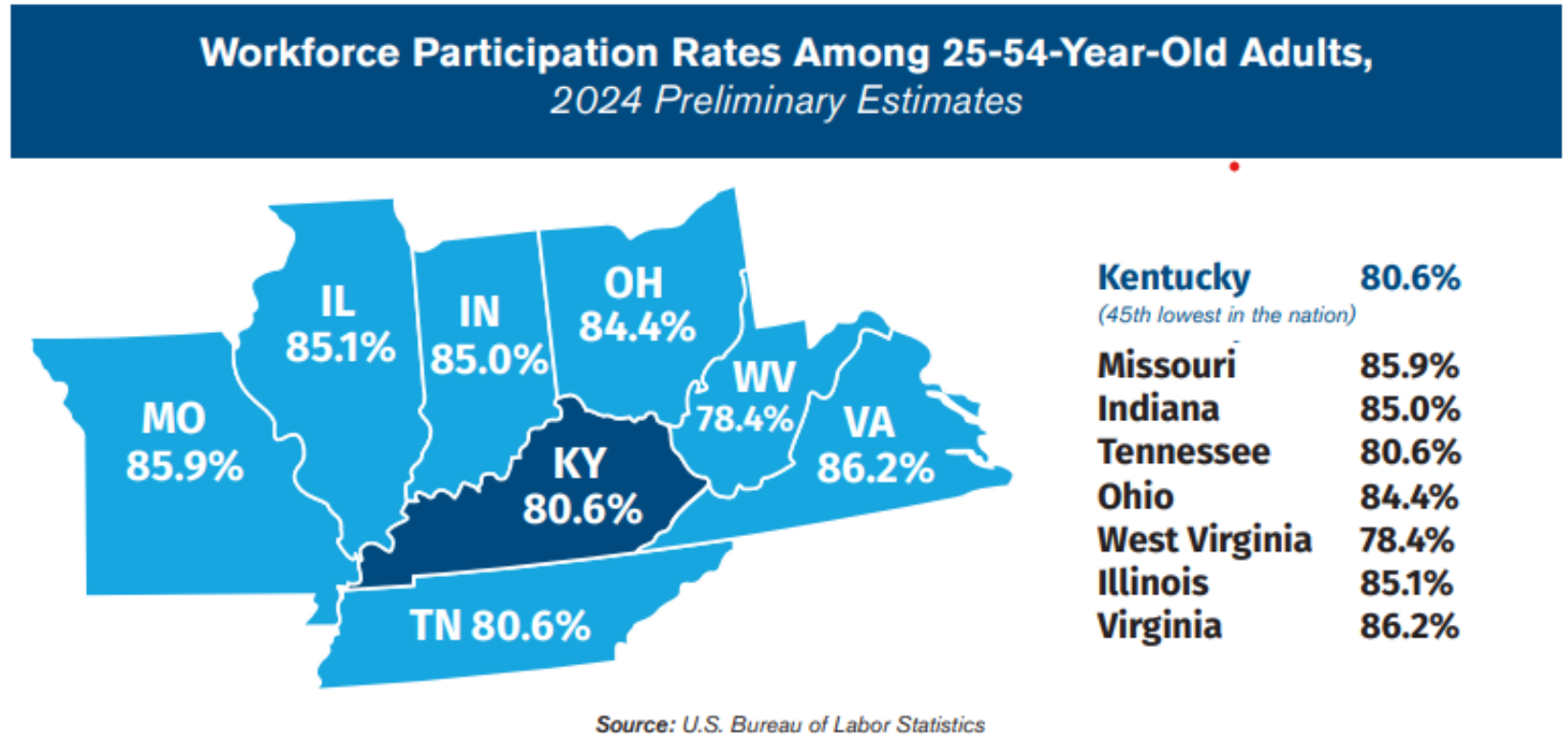
Source: Bureau of Labor Statistics/KY Chamber Center for Policy & Research



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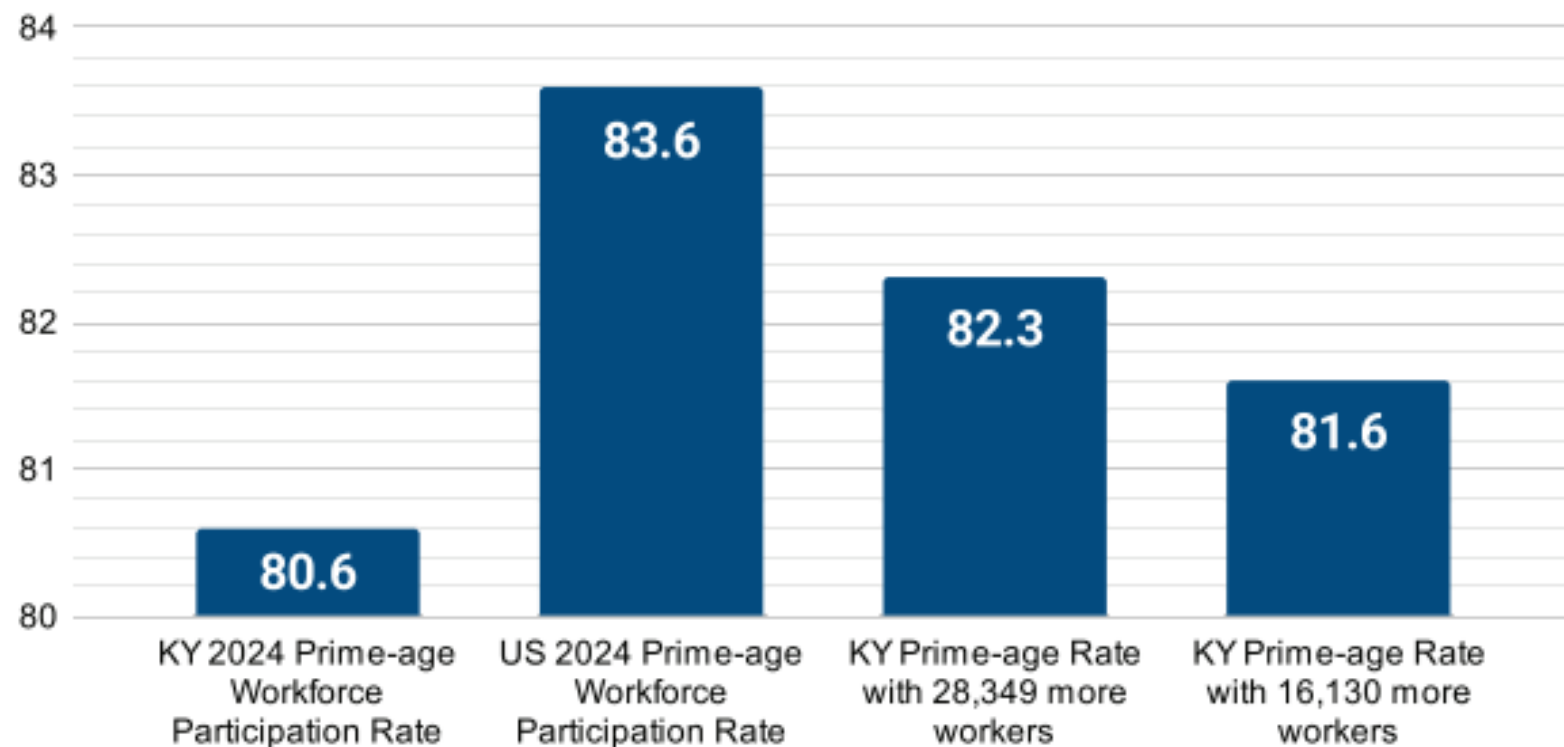
- Improving work rates **among Kentucky's working-age population** should be a focal point
- **320,000 prime-age Kentuckians** (25-54 years old) are neither working nor looking for work



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Kentucky vs. United States Prime-age Workforce Participation



Source: U.S. Bureau of Labor Statistics/Kentucky Chamber Center for Policy & Research

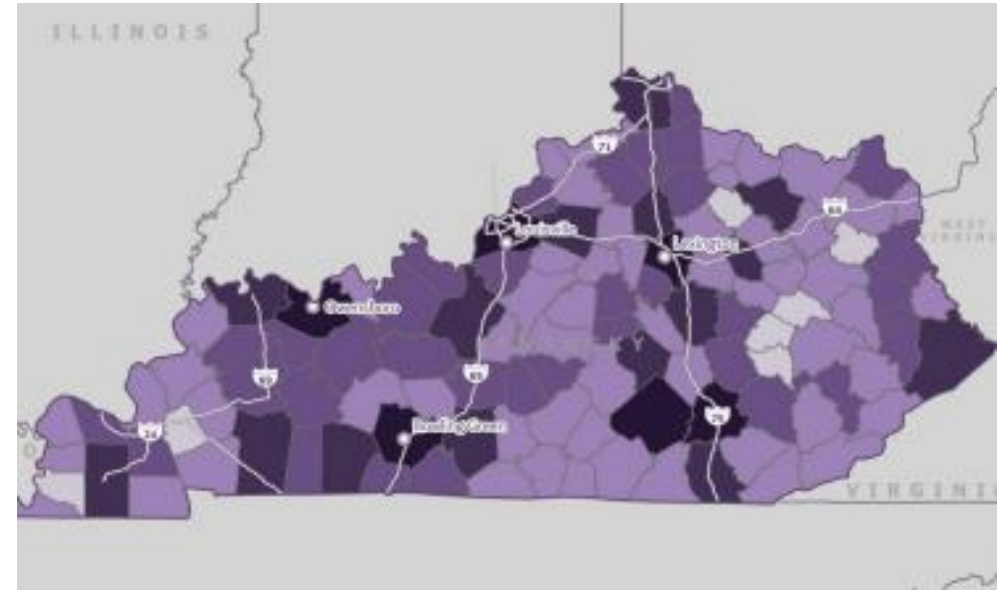


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Child Care Challenges Facing Kentucky Families

- Twin challenges: **availability** and **affordability**
- Child care “gap” assessment
 - Gap = difference between licensed supply and potential demand
- Starting point — **more work is needed**
- Assessment results:
 - 37 counties where 50% of children who may need child care services have no possible slots
 - Rural areas tend to have the largest share of children without available services
 - Urban areas have the largest gaps in sheer numbers



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Child Care Challenges in Kentucky: Affordability

Median child care prices as a share of median family income:

- **Hardin County:** \$8,726 or 9.9% (0-1 yr. old)
- **Jefferson County:** \$10,606 or 11.1% (2 yr. old)
- **Lincoln County:** \$10,073 or 15.5% (3-4 yr. old)
- **Estill County:** \$11,759 or 19.5% (0-1 yr. old)
- **Webster County:** \$7,751 or 11% (2 yr. old)
- **Carroll County:** \$10,412 or 15.4% (3-4 yr. old)

U.S. DOL National Database of Child Care Prices



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Kentucky Collaborative on Child Care



"I came into this process primarily focused on the employer side and wasn't expecting to have a group with such broad experience. But this is not just a workforce issue: it's a family issue, it's an education issue, and it's an economic development issue. Being part of this process has helped me realize that we're here to support working families and try to find lasting solutions that work for everyone."

— Kenneth Calloway, Senior Vice President, Human Resources,
Century Aluminum



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- Focus on strengthening Kentucky's 2,000+ small businesses, non-profits, and faith organizations serving families
- 37 individual recommendations to build a ***stronger foundation*** for child care
- Public policy, philanthropy, nonprofits, and employers participated
- What “consensus” means



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1. Improve Child Care Data

- Implement an improved child care supply-and-demand dashboard
- Make public spending on child care more transparent and clearer



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2. Streamline Regulations and Encourage Innovation

- Maintain current child-teacher ratios
- Implement a consensus-driven, safety-focused approach to streamlining child care licensure and regulatory enforcement
- Allow for “micro-centers” to support innovative solutions and address unique challenges, such as care for shift workers, student parents, and drop-in care



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3. Encourage Community Engagement

- Strengthen and implement the Certified Child Care Communities program
- Local matching grants aimed at strategic planning and capacity building



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4. Encourage Employer Engagement

- Create a narrow framework in state law for the state to offer incentives to employers seeking to increase child care supply and capacity in their areas
- Complement the new incentives in the “One Big Beautiful Bill Act” and technical assistance programming in the private and nonprofit sectors



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5. Support & Promote Quality

- Reform the Kentucky All STARS program
- Focus on emphasizing outcomes, providing more support and incentives for child care providers, and streamlining compliance processes



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6. Support Working Families

- Maintain a strong Child Care Assistance Program (CCAP)
- Strengthen the Employee Child Care Assistance Partnership (ECCAP):
 - Privatize administration
 - Promote through public-private partnerships
 - Make it employer-friendly
 - Allow public employers to participate



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7. Strengthen the Child Care Workforce

- Continue and fund categorical eligibility for child care workers
- Continue and fund the Early Childhood Development Scholarship



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8. Provide Critical Resources

- Provide state support to maintain all current initiatives
- Provide funding to implement new initiatives
 - Data and transparency improvements
 - Regulatory relief and innovation
 - Certified Child Care Communities



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Shared Solutions

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2. Streamline Regulations & Encourage Innovation
3. Encourage Community Engagement
4. Encourage Employer Engagement
5. Support & Promote Quality
6. Support Working Families
7. Strengthen the Child Care Workforce
8. Provide Critical Resources



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