

JUNE 2020



A FRAGILE ECOSYSTEM

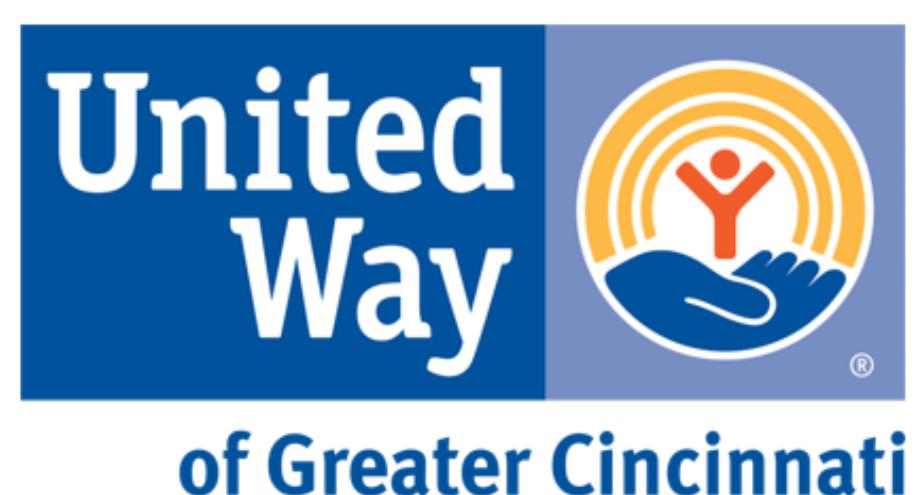
The state of child care in Kentucky following COVID-19 closures



**The
Prichard
Committee**



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A CALL TO ACTION

The Kentucky Child Care Provider Survey was conducted in partnership with United Way of Kentucky, Prichard Committee for Academic Excellence, Kentucky Youth Advocates, Child Care Advocates of Kentucky, Metro United Way, Learning Grove, and United Way of Greater Cincinnati. This workgroup is committed to the success of children, families, and child care providers. In partnership, we are pleased to present the findings of this survey of more than 1,500 child care providers across the Commonwealth of Kentucky. We are grateful to Sarah Vanover, director of the Kentucky Division of Child Care, for helping to distribute the survey to providers.

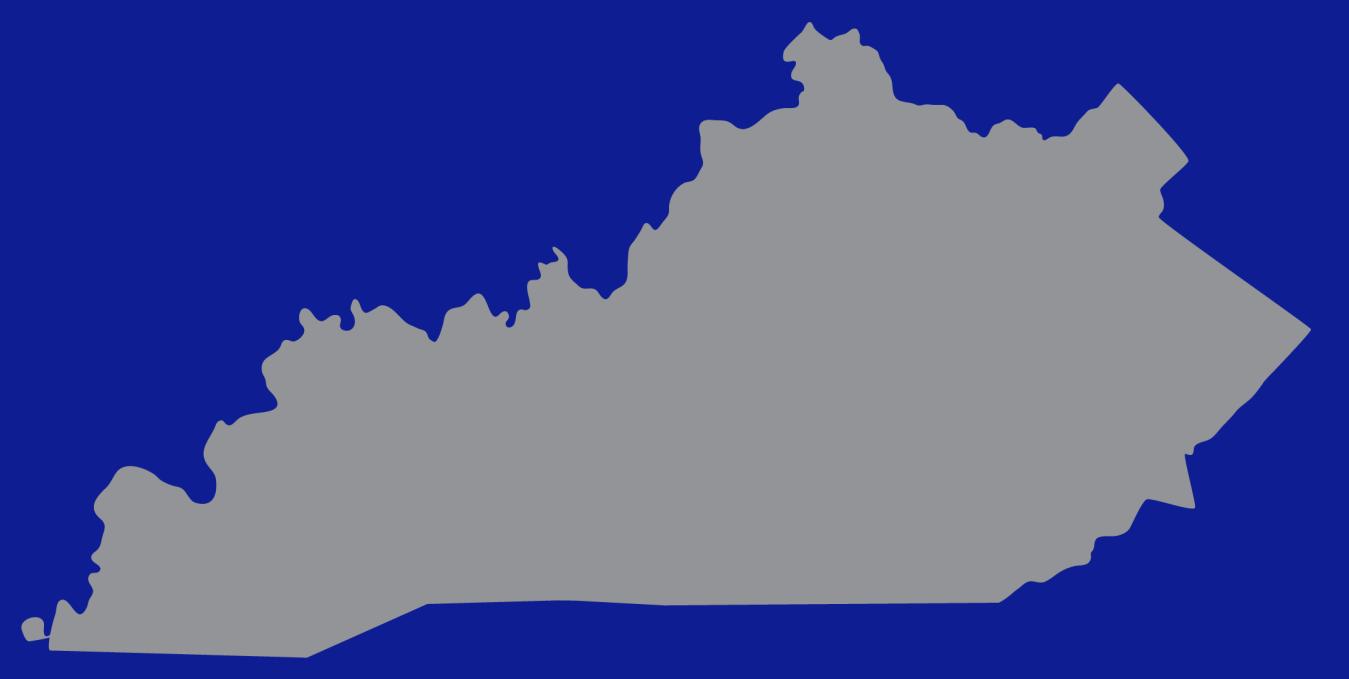
The COVID-19 crisis is impacting our system of child care that was already fragile and suffered from inadequate public support. According to the Kentucky Division of Child Care, the number of regulated providers in Kentucky dropped from 4,400 in 2013 to 2,172 in 2020. Moreover, as noted in the 2017 Cost of Quality report, support for child care is insufficient to provide quality, full-day care to enough working families. The crisis now facing state budgets will make that level of investment all but impossible in the near term.

The results of our child care provider survey clearly show the need for greater financial support from Congress, and for a continued substantial, engaged planning with providers at the state level. Both are critical in ensuring that Kentucky's child care infrastructure is sustained immediately and in the long term.

A healthy child care business ecosystem is vitally important in creating a foundation for education in our youngest children. Quality child care programs also improve social and emotional growth, and enable their families to participate in the workforce. The needs of child care providers and parents must be given the attention and resources they deserve – at the state and federal levels – as we begin to re-open the Commonwealth.

We are calling for Congress to provide \$50 billion in assistance to child care as part of the federal stimulus efforts. The support must be robust and flexible, allowing states like Kentucky to support operating costs during mandated closures, co-pays and tuition based on enrollment, training and professional development, facility maintenance and cleaning. Additionally, support will be needed for costs related to re-opening and re-hiring as restrictions on operating are phased out.

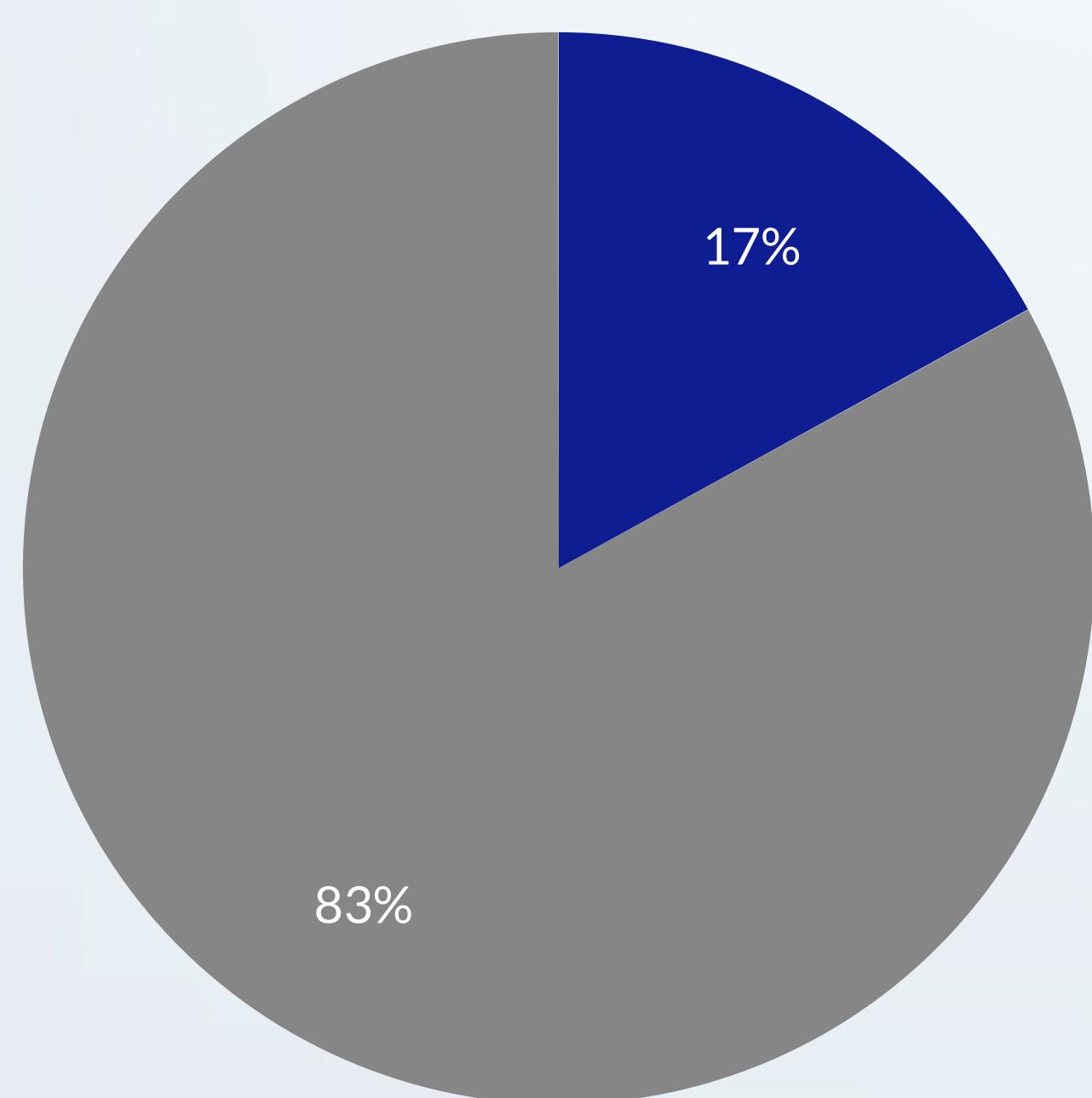
We are calling for the Governor to further elevate child care as part of the critical infrastructure necessary for Kentucky to be Healthy at Work by creating a COVID-19 Child Care Task Force. This would ensure robust feedback from providers, families, businesses and communities on child care needs, and the allocation of any additional federal assistance for child care. Moreover, a concerted effort – including all stakeholders – is necessary to ensuring child care successfully reopens and is sustainable into the future, particularly over the next 12-18 months.



165,314
CHILD CARE
SLOTS WERE
AVAILABLE IN
KENTUCKY
BEFORE COVID-19

1,817
CHILD CARE CENTERS
355
IN-HOME PROVIDERS

PARENT PAID VS. CHILD CARE ASSISTANCE PROGRAM (CCAP)



■ CCAP (17%) ■ Parent Paid (83%)

28,000 Kentucky children
qualify for and attend child care
using CCAP funds.

BACKGROUND: BUSINESS & FAMILIES NEED ACCESS TO CHILD CARE

Impact on Learning

Kentucky's young children and their families benefit from high-quality early learning that keeps every child on a path toward proficiency in reading and mathematics by the end of the third grade. Research demonstrates that learning begins early and high-quality early learning impacts long-term outcomes for students.

- Cognitive skill development begins early and rapidly. *The Toddler Brain* by Laura A. Jana, M.D. indicates that 85-90% of brain development occurs before the age of 5.
- Research also shows children who participate in high-quality preschool programs are 40 percent less likely to drop out of school and 50 percent less likely to be placed in special education.
- Children that report being in child care settings prior to entering school have higher rates of kindergarten readiness. Moreover, data show kindergarten readiness correlates with greater proficiency in 3rd grade.

Impact on the Workforce

Investments in high-quality early childhood programs provide opportunities for families to access the workforce.

- 12.6% of Kentucky families with young children report having difficulty holding down a job because of a lack of affordable childcare according to the National Survey of Children's Health.
- According to the U.S. Chamber Foundation, on average, U.S. states lose \$1 billion annually due to breakdowns in childcare.
- Cost-benefit analyses conducted by the Center for Business and Economic Research (CBER) at the University of Kentucky in 2009 estimated that investment by Kentucky in expanded early childhood education would yield a return of \$5 in public and private benefits for every \$1 of public investment.

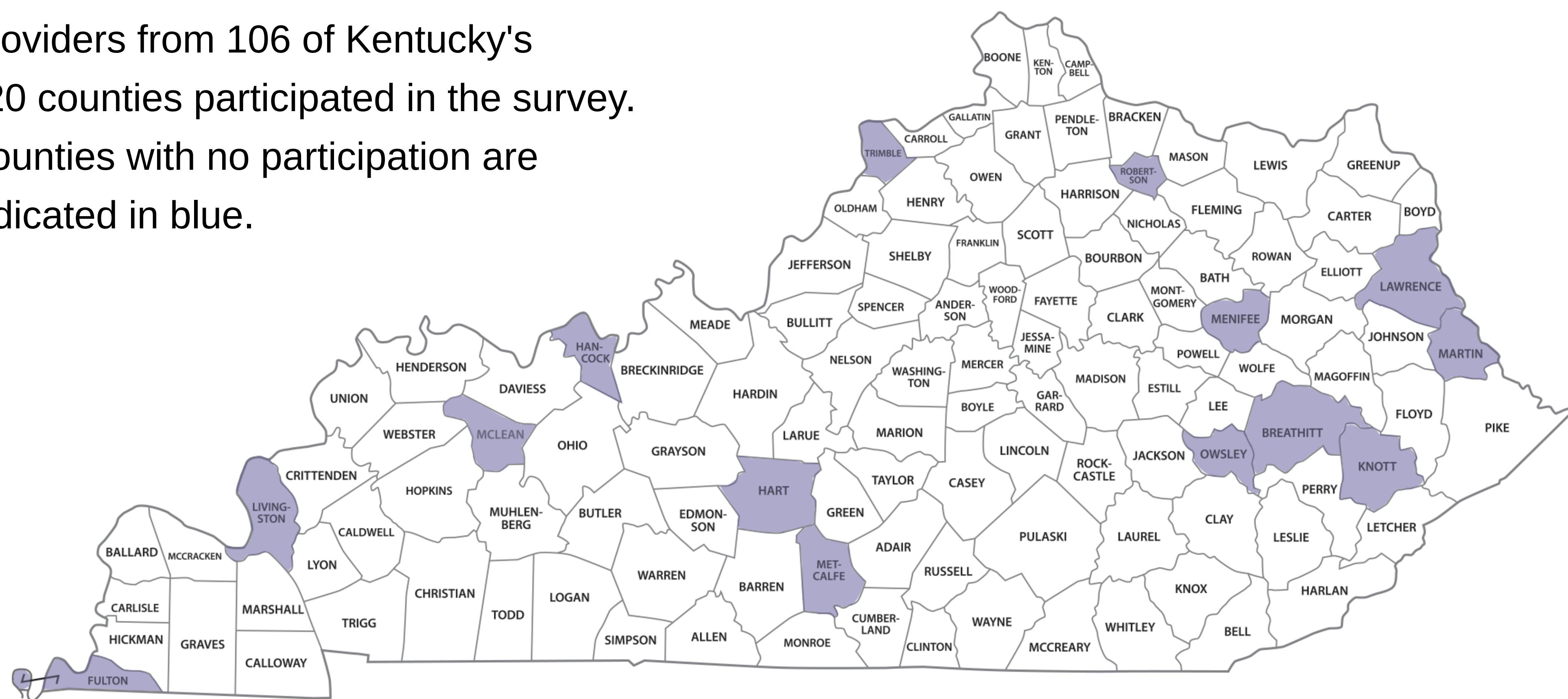
ABOUT THIS SURVEY

The National Association for the Education of Young Children estimates that Kentucky could lose 42% of its child care supply and over 56,000 licensed child care slots without additional federal support. In order to sustain the child care system for both essential workers during the crisis and ensure that it can re-open in recovery, nearly \$9.6 billion per month of investment is necessary.

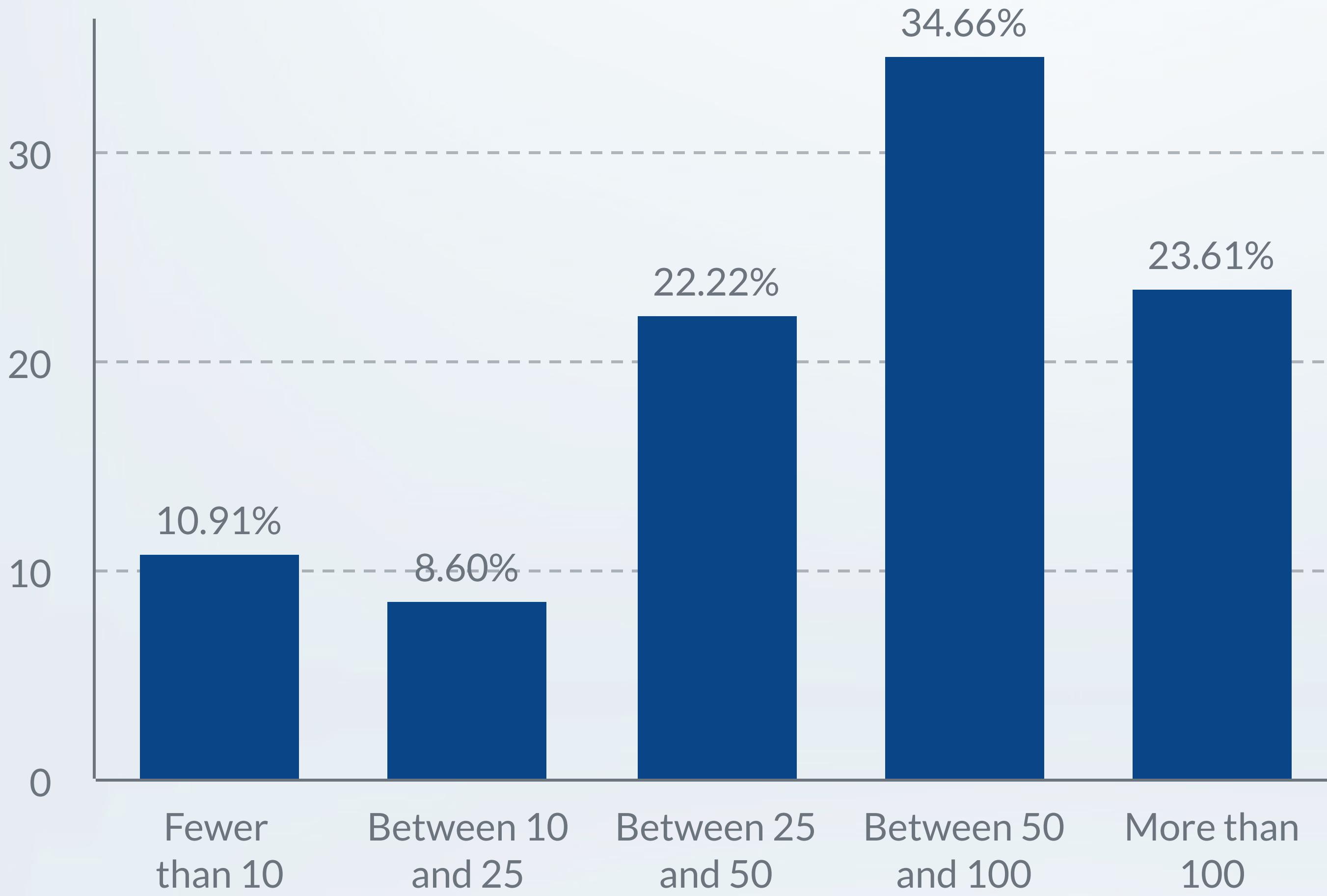
It is our hope that responses from Kentucky's child care providers will help organizations and policymakers in our state understand the ongoing impacts of the pandemic on the child care sector, as well as improve upon solutions at the federal, state and community level.

More than 1,500 of the state's 2,172 providers participated in the survey.

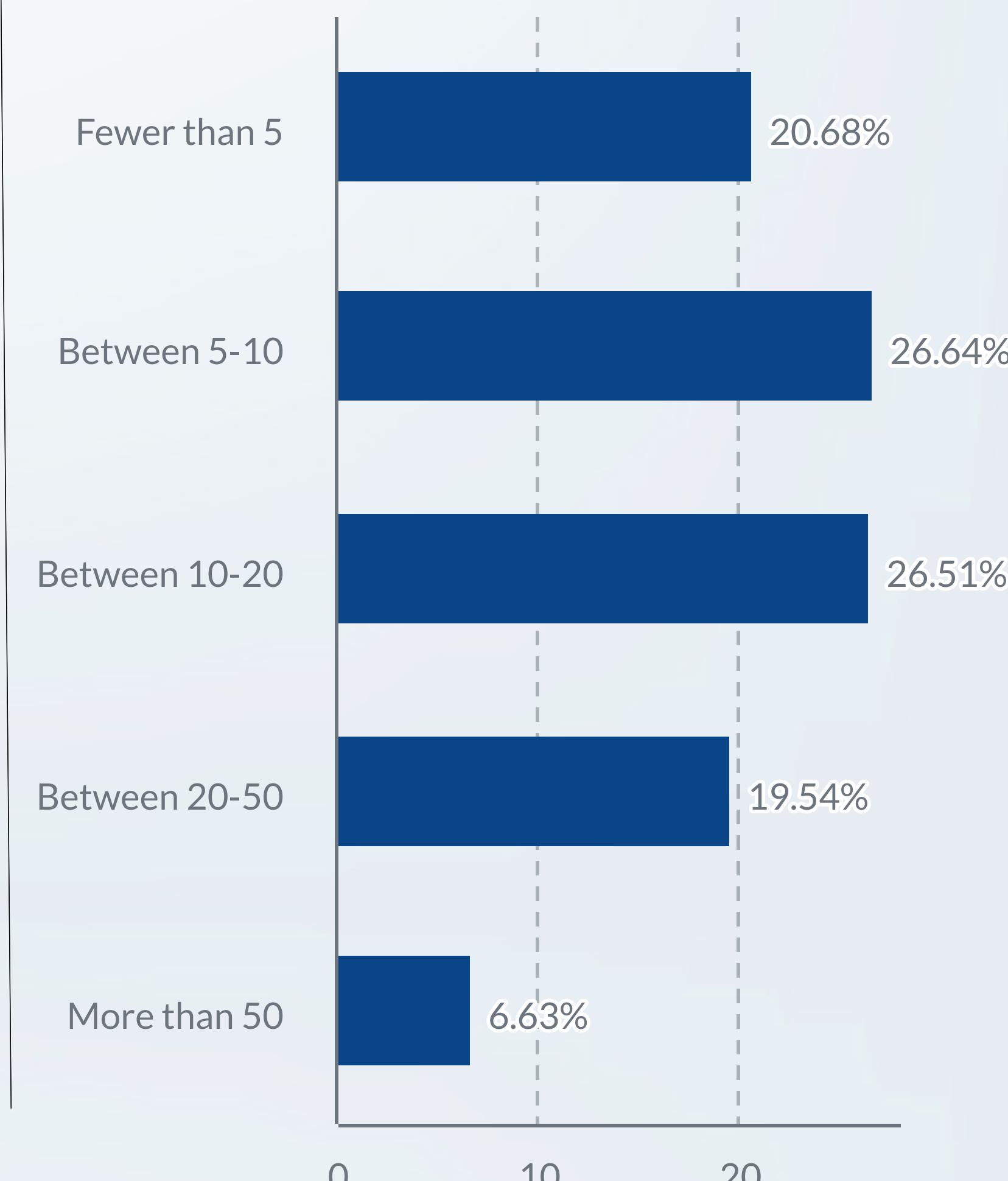
Providers from 106 of Kentucky's 120 counties participated in the survey. Counties with no participation are indicated in blue.



Number of children served by surveyed providers



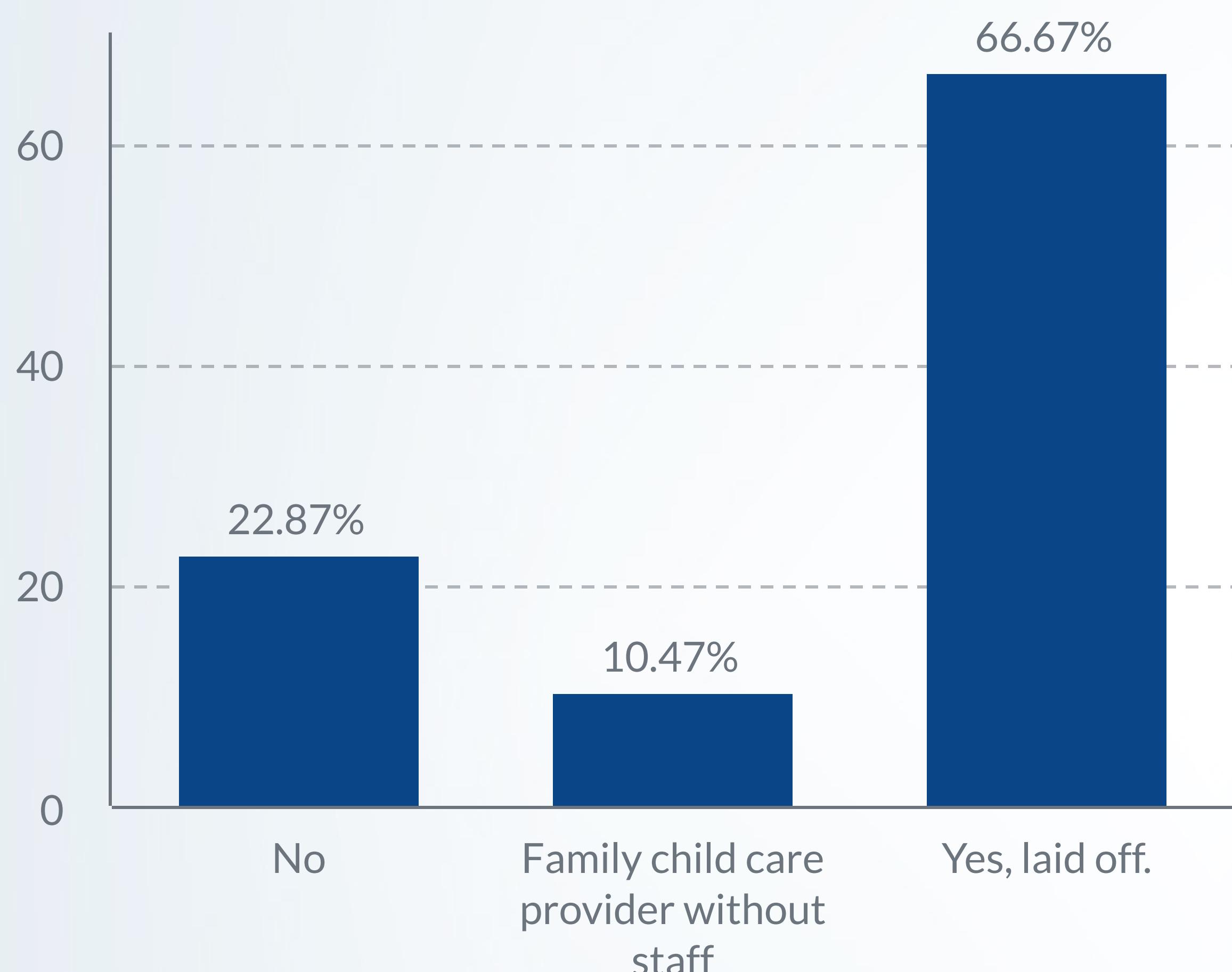
Employees before pandemic



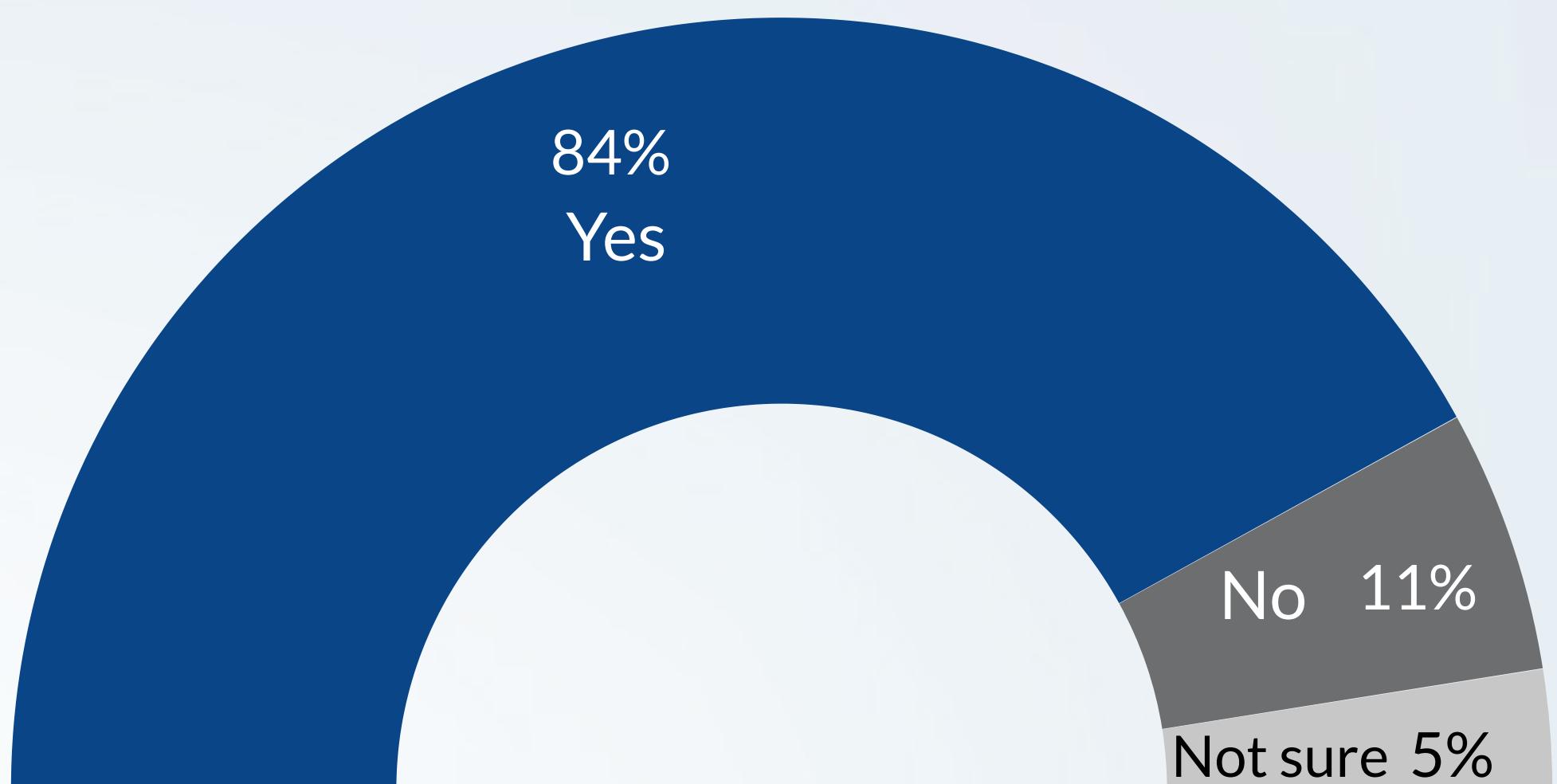
THE WORKFORCE IMPACT OF CLOSURES

The impact of the pandemic on child care in Kentucky has already been extensive, and the system was already struggling to survive. The following charts show the responses of 1,500+ providers about their closures and staffing during the pandemic.

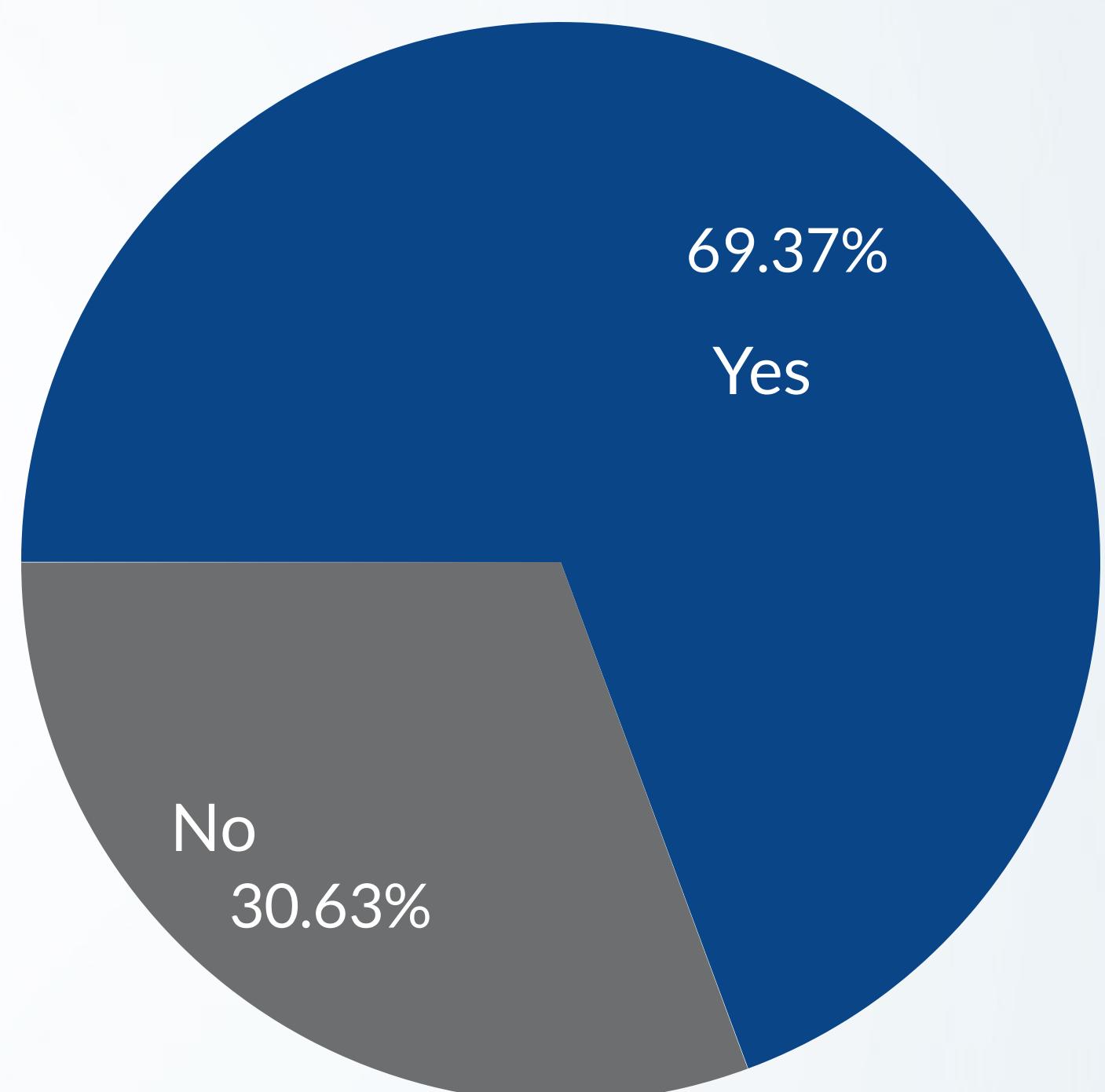
If your program is closed, have you had to lay off staff?



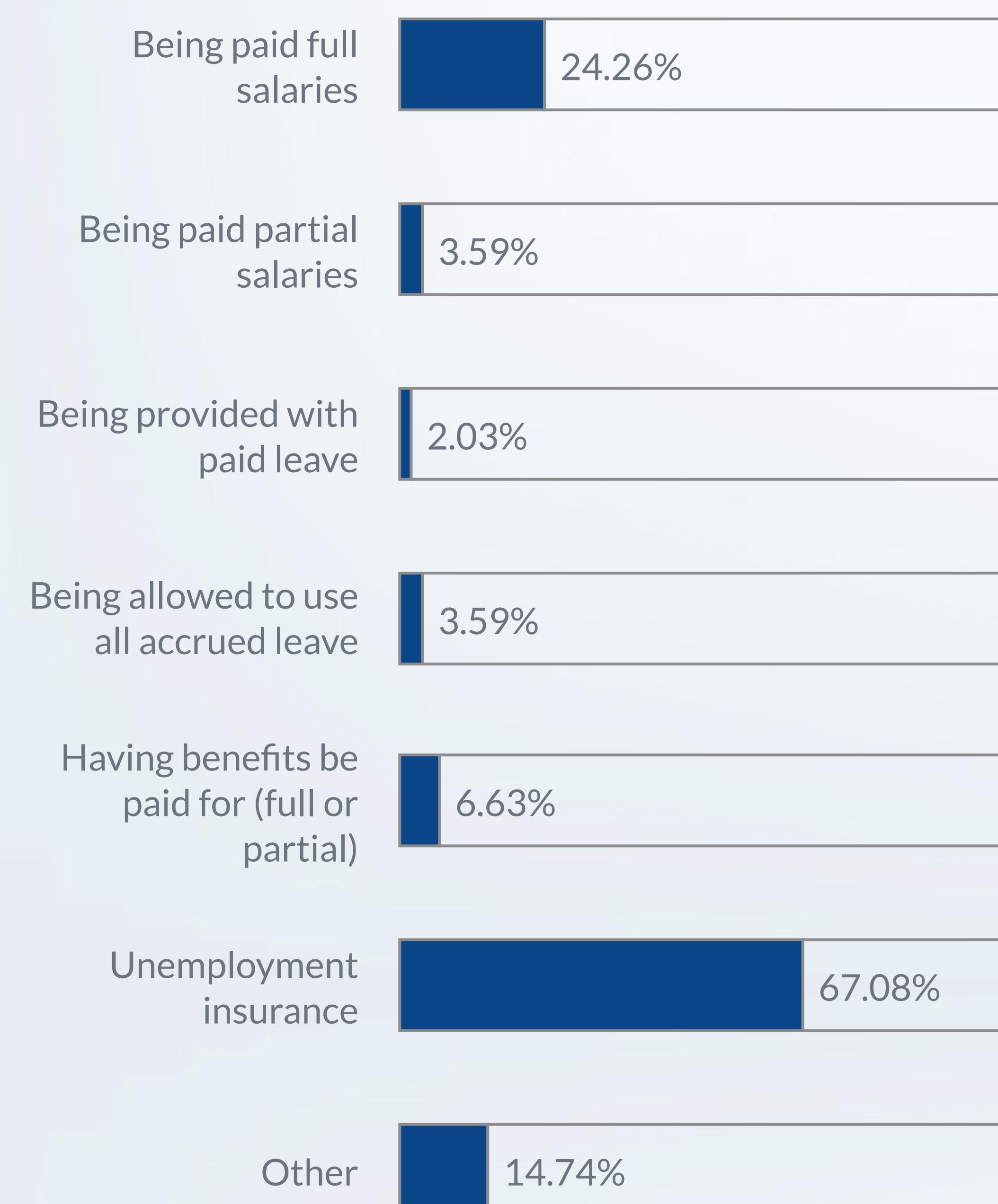
A significant majority of Kentucky child care programs hope to re-open



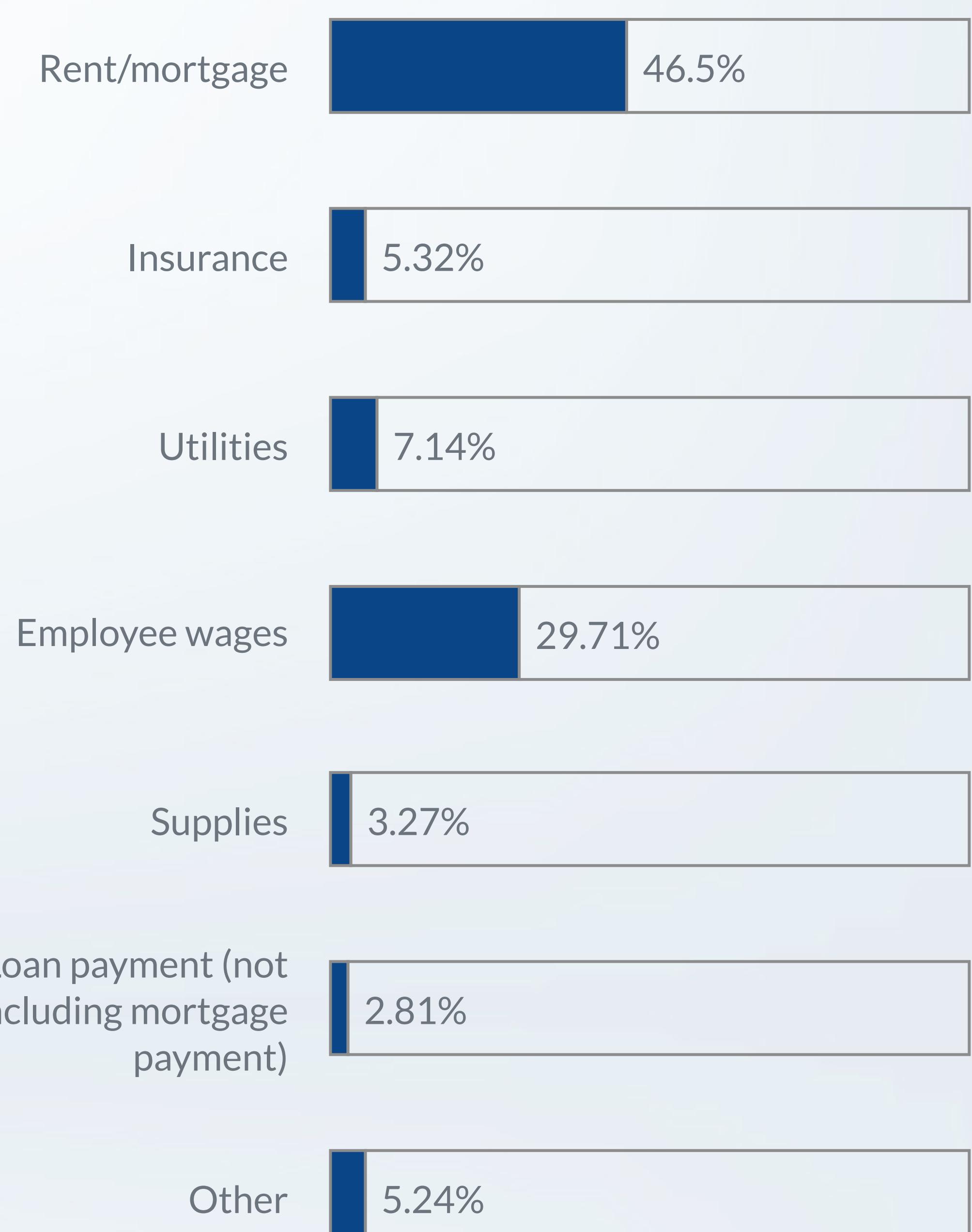
With combined federal and state assistance, can you cover the costs of being closed?



How are staff being financially supported?



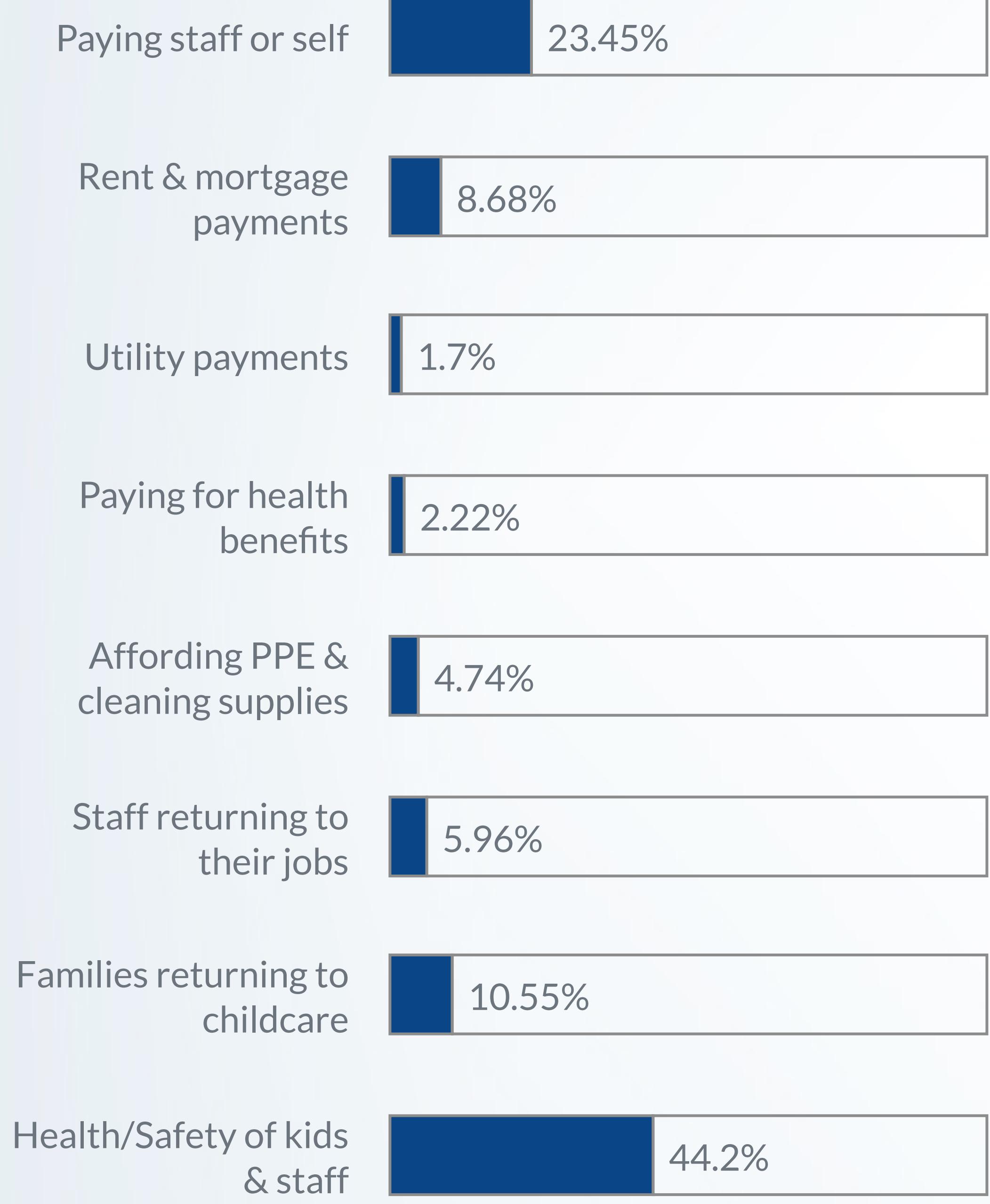
What is the largest expense during closure?



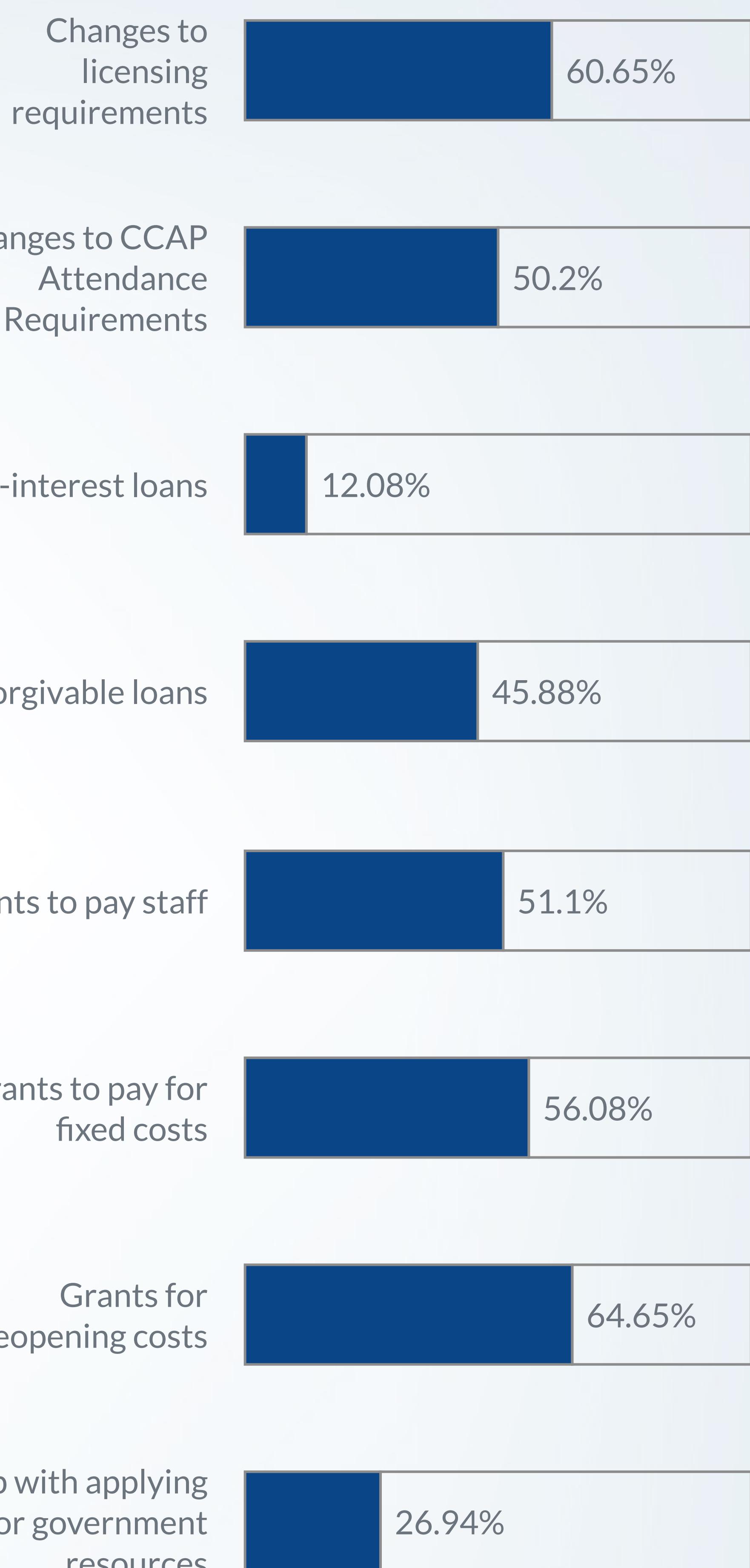
THE BUSINESS IMPACT OF CLOSURES

From affording rent and mortgage payments, to paying staff benefits, providers are concerned about many factors when it comes to re-opening.

When it comes to the current and future sustainability of your child care program, what are you most worried about?



What supports will you need to re-open?



PROVIDER COMMENTS

Allow child care programs to open at full capacity so parents can go back to work. Let parents oversee who their child interacts with outside of the daycare setting. People need to work and children need a safe place to stay.

I'm concerned about the staffing ratio guidelines and how that will affect our ability to remain open financially. If the state requires additional staff in rooms, it could prevent us from being able to financially sustain our center.

Even opening with reduced attendance, I am fearful for staff and myself. I have sick family members I help care for and being exposed to so many kids and families put my own family at a much higher risk than just staying closed.

We need a more robust system to support the cost of quality child care - not just a subsidy for parents. Our parent fees are limited to what families in general can pay but it is not enough for a decent staff wage. Help us with direct financial support to centers that increases staff salaries to reduce turnover and increase quality.

We are a small business, thrown upside down during this crisis. We are struggling to stay afloat and have lost people dear to us during the pandemic. Our income has taken a drastic hit even more so due to losing a family member due to COVID-19. We are losing hope of ever recovering from this tragedy.

SUMMARY OF STATISTICS

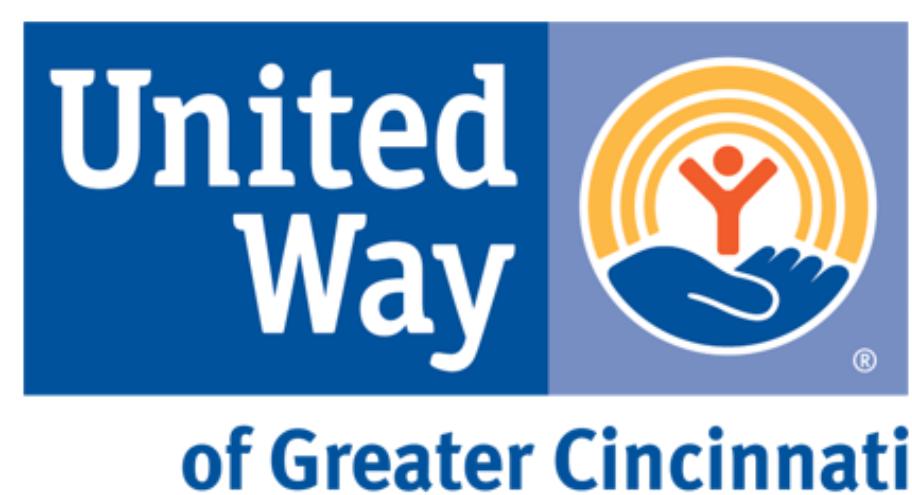
- The number of regulated providers in Kentucky dropped from 4,400 in 2013 to 2,172 in 2020. Survey results show 11-15% of remaining providers who responded may have to close permanently due to the financial impact of closing temporarily due to the COVID-19 crisis.
- The majority (34%) of surveyed providers serve between 50-100 children at their centers. Approximately 52% of providers have between 5 and 20 employees. More than 1,500 of the state's 2,172 providers participated in the survey.
- Approximately 66% of providers surveyed have laid off staff during the shutdown, and 67% of those employees are relying on unemployment insurance for income according to survey results.
- The majority of providers responding did not apply to stimulus programs through the Small Business Administration (SBA) – either the Paycheck Protection Program (57%) or Economic Injury Disaster Loan Program (70%).
- Facility rent/mortgage and employee salaries have been the largest expenses for child care providers during the shutdown.
- The chief concern of surveyed providers is the health and safety of children and staff when centers re-open.



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Metro United Way



United Way of Kentucky

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