Ford, Chair
Akers, Vice Chair
Ellinger
Kay
Lawless
Stinnett
Scutchfield
Myers
Beard
Lane

AGENDA
Social Services & Community Development Committee
February 25, 2013
11:00 A.M.

1. Committee Summary (1-2)
2. Childcare Assistance Reductions - Ford (3-13)
3. FY 15 Partner Agency Funding Request Review Process
4. Items Referred to Committee (14)

"The social services and community development committee, to which shall be referred matters relating to the department of social services and its divisions, and any related partner agencies and the division of community development, related partner agencies, and other matters relating to community development and economic development"

Council Rules & Procedures, Section 2.102 (1)

<u>2014 Meeting Schedule (all meetings at 11:00 AM)</u>

Feb 25	May 27	Sept 23
Mar 18	Jun 17	Oct 21
Apr 22	Aug 26	Dec 2

Social Services & Community Development Committee
November 19, 2013 Summary

Ford called the meeting to order at 11:03 AM. All members were present except Lawless and Lane. Clarke also was in attendance.

9.24.13 Committee Summary

On a motion by Scutchfield, second Beard, the summary of the 9.24.13 Social Services & Community Development Committee meeting was approved unanimously.

Introduction of Malcolm Ratchford, New Executive Director of the Community Action Council

Malcolm Ratchford, new Executive Director of the Community Action Council (CAC) was introduced. Mr. Ratchford discussed his plans for CAC including moving to more sustainable assistance rather than crisis assistance.

In response to a question from Akers, Ratchford stated that CAC is reviewing programs and program content to develop a more effective and efficient organization.

Myers discussed the data base needs of CAC and the LFUCG.

Childcare Assistance Reductions

Joanna Rose and Bradley Stevenson discussed the reductions in assistance within the childcare assistance programs offered statewide.

Myers discussed the use of kinship care.

Stinnett suggested that the Council send a resolution to Frankfort supporting changes to the child care assistance program as the present policy is encouraging parents to not work. He also asked CAO Hamilton to include this on the LFUCG legislative agenda.

Ford commented on the impact the reduction will have on early childhood development, workforce development and tax revenue.

On a motion by Ford, second Myers, to request that the Department of Social Services begin the process of pursuing an economic impact analysis on the issue of childcare funding cuts was approved unanimously.

Social Services Needs Assessment

Craig Benz provided an update on the Social Services Needs Assessment completed jointly by the UK College of Social Work and the Martin School of Public Administration.

Benz stated that based on the needs assessment, partner agencies that address the critical needs addressed (access to childcare services, access to mental health services and marketable jobs skills) will receive bonus points when LFUCG starts its review of partner agency funding applications.

Kay discussed the need to include lack of safe, affordable housing as a bonus criterion as well.

Manchester Bidwell Replication Project

Josh Nadzam provided an update on the Manchester Bidwell project.

Items in Committee

<u>On a motion by Ellinger, second Myers the Social Services Needs Assessment was removed unanimously.</u>

<u>On a motion by Myers, second Ellinger the Summer Youth Employment Program was removed unanimously.</u>

Myers stated that he would begin work on the resolution regarding childcare assistance reductions and bring it to Council prior to the winter break.

The meeting adjourned at 1:05 PM.

PAS 12.1.13

Proposal:
Examining Issues Surrounding the Kentucky Child Care Assistance Program

February 18, 2014

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COLLEGE OF BUSINESS AND ECONOMICS

UK

Background

The Child Care and Development Fund (CCDF), which is administered through the U.S. Department of Health & Human Services, provides financial support for Kentucky's Child Care Assistance Program (CCAP). This program provides assistance with payment for child care on a sliding fee basis for eligible parents and guardians. It is designed to subsidize child care for the following groups: children of low-income parents; children under protective care; children whose parents are receiving TANF benefits and are working;[1] and children with special needs. However, recent budgetary pressures have led to program changes limiting who is eligible—thereby decreasing the number of children, families, and child care centers receiving child care assistance funds.

The Kentucky Cabinet for Health and Family Services, the agency that administers these funds in Kentucky, announced in early 2013 that an $86.6 million budgetary shortfall in the department that administers the CCAP would result in various service cuts beginning April 1, 2013. The program, for example, would not accept new applications for the remainder of the fiscal year and beginning July 1, 2013, the income qualifications would change from 150% of the federal poverty level (FPL) to 100%.[2]

Since these cuts were implemented, the number of children and the number of child care centers receiving the subsidy have declined. From April 1, 2013, to November 27, 2013, the number of child care centers in Kentucky receiving child care assistance subsidies dropped from 2,494 to 2,286—a decline of 208 centers. Moreover, by November 2013 the average monthly participation in the program was down to 29,773 children (20,936 were low-income), compared to the 2012 average monthly participation of 44,000 children (34,600 qualified based on income).[3]

Research shows that child care subsidies enable parents to enter the workforce and remain there—especially low-income families.[4] Considering the typical cost of child care—estimated at $6,007 in Kentucky for a 4-year-old in a center[5]—it is easy to see the cost of child care can become an obstacle for a low-income family. Indeed, Governor Beshear indicated in his January 21, 2014, budget address that his budget proposal includes $111 million for the Child Care Assistance Program to help "many single parents and other low-income workers stay in the workforce."[6] This funding would allow the state to begin taking new applications beginning July 1, 2014, and change the eligibility level from 100% of the FPL to 150%. Governor Beshear indicated that "this is predicted to

[1] Nationally in FY2012 17% of the families participating in this program reported receiving TANF benefits, while only 2% are receiving TANF in Kentucky.
[2] The federal poverty level for a household size of 2 is $1,226 maximum gross monthly income. To see the income guidelines for a range of household sizes refer to <http://www.childcarecouncilofky.com>.
[3] Beth Musgrave and Valarie Honeycutt Spears, "Thousands of kids, hundreds of centers hurt by cuts in state child care funding, advocates say," *Lexington Herald-Leader*, December 29, 2013.
[4] See James P. Ziliak, Charles Hokayem, and Bradley Hardy, *Child Care Subsidies and the Economic Well-Being of Recipient Families: A Survey and Implications for Kentucky*, Center for Poverty Research, University of Kentucky, June 2008.
[5] *Parents and the High Cost of Child Care*, Child Care Award of America, 2013 Report <http://usa.childcareaware.org/sites/default/files/Cost%20of%20Care%202013%20110613.pdf>. According to the HHS Office of Child Care, 68% of the children participating nationally used a center—as opposed to a home-based setting—while 90% of Kentucky children were in a center. Refer to the Child Care and Development Fund Statistics at <http://www.acf.hhs.gov/programs/occ/resource/ccdf-statistics>.
[6] State Budget Address, Governor Steve Beshear, January 21, 2014 <http://governor.ky.gov/Speeches/20140121_BudgetAddress.pdf>.

help 16,100 kids and 9,400 families in the first year (of the biennium) and 18,000 kids and 10,600 families the second year."[7]

In addition to the economic consequences on labor force participation, employment, public assistance utilization, and centers closing their doors—there are also important early childhood development effects that are gained from being in high-quality care or lost because of low-quality care. There is a vast body of literature on the long-term benefits of high-quality early childhood education to the individual as well as its cost-effectiveness for governments and societies.[8] Moreover, while this program is principally designed for children under 13, the majority of the children are under 6 (69% in Kentucky)—at a development level where high-quality care can make an important difference.

There is a lot of national and state-level data on this program, but there is not a lot of readily available information about Fayette County. We do know that there are 214 licensed and certified child care centers in Fayette County and that 197 of them accept subsidies,[9] but we do not know the exact impact on these centers resulting from either funding cuts or increases in the child care assistance programs. Likewise, we know the national-level elasticity for the relationship between the cost of child care and the probability of parental employment, but we do not know whether the elasticity is necessarily appropriate for Fayette County. In fact, much of this work is several years old and should probably be updated to ensure that structural economic changes have not significantly changed this relationship. Moreover, we do not know the exact response by parents once denied participation or removed from the program. For example, does the probability of their participation in other public assistance program increase, such as TANF? Under what conditions do parents leave the workforce and if they remain employed where do they place their children? Are these children moved to lower-quality care and what are the long-term consequences for these children as well as for society?

We offer a brief descriptions of four projects which the Center for Business and Economic Research could perform which would inform policy makers about the implications of the recent changes and proposed changes in the CCDF program. The cost and timeline projections are approximate only, and specific budgets would need to be developed and approved within the University system.

[7] Ibid.
[8] Refer to Christopher Jepsen, Kenneth Troske, and Casey Brasher, *Estimates of the Costs and Benefits of Expanding the Early Childhood Education Program in Kentucky*, Center for Business and Economic Research, University of Kentucky, October 5, 2009, as well as Nicholas Kristof, "Pre-K, the Great Debate," *The New York Times*, January 29, 2014.
[9] Cabinet for Health and Family Services, Kentucky Integrated Child Care System <https://prd.chfs.ky.gov/KICCSPublic/ProviderSearchPublic.aspx>.

Project I: Description of Eligible Population in Fayette County and the Lexington Metropolitan Area.
Using the American Community Survey we can estimate the number and proportion of families in Fayette County and the Lexington metropolitan area who are eligible for the CCDF program. The American Community Survey provides data at the county level on income, income sources, earnings, labor force participation and educational participation. Using these data, we can provide detailed descriptions of the eligible population, such as type of work or school, number of children by age group, and number of households and families. However, the ACS does not measure participation in the CCDF program. The Current Population Survey can provide information on participation in the CCDF program, however, the data will not let us focus on Fayette County, but only on the Lexington Metropolitan area. The data will allow us to examine how changes in the program effect the eligible population, but will not allow us to directly measure how changes in the program have effected participation (as data for 2013 is not yet available). A similar analysis for the state can be included as well.
Cost: $35,000 + indirect (if applicable)
Timeline: This project could be completed in approximately 4 months.

Project II: Update of Ziliak Report
The report by James Ziliak and his co-authors, done in 2008 using data through 2004?? provides an important basis for understanding the costs and benefits of the CCDF program. The report was done prior to the program adoption, based on data from the early 2000's. Much has changed in the state and the economy. Updating this report would provide policy makers with insights into the implications of the program for the economic well-being of participants in Kentucky as well as Fayette county and the Lexington Metropolitan Area.
Cost: $35,000 + indirect (I applicable)
Timeline: This project could be completed in approximately 4 months
This project can be combined with Project I: total cost $60,000 for both components, with a 5 month timeline.

Project III: Estimation of impacts of changes in program participation
Using the current population survey, and exploiting differences in state rules for eligibility for CCDF type programs, we will estimate behavioral models of participation in the CCDF program, labor force participation, and participation in other safety net programs such as TANF, SNAP, Medicaid, and WIC. These models allow researchers to understand the response of families to changes in the program eligibility requirements. We would then use these results to predict the actual impacts of the changes recently enacted, as well as important current proposals.
Cost: $85,000 + indirect costs
Timeline: This project could be completed in approximately 9 months

<u>Project IV:</u> Use of Alternative Child Care

An important question regarding this program is what child care arrangements individuals make when the program is not available. Using the *** and again exploiting differences in the rules across states, we will estimate behavioral models of child care program usage. Careful modeling is necessary since some states allow CCDF funding to be used for family and relative care, while other states (such as Kentucky) do not. Our estimates will provide a baseline from which predictions of how the subsidy effects the child care industry can be made at the state and local level.

Cost: $85,000 + indirect

Timeline: this project can be completed in approximately 9 months

<u>Project V:</u> Survey and Estimation within Fayette County

While large national surveys such as the CPS and the ACS can be used to understand local phenomena, a more reliable and direct approach is to collect data within the local area. We propose to focus on individuals who were participating in the CCDF during 2012 and early 2013, prior to the policy changes, and to follow up on these individuals, collecting data on labor force participation, earnings, use of other programs and child care arrangements. Additionally, we can also contact individuals who entered the program at later dates. This project would provide detailed information focused upon Fayette county. This project would require cooperation between CBER and other agencies to identify and contact appropriate individuals. Other possibilities include larger surveys to other geographic areas in Kentucky, or to a wider target population (which would need to be identified and an approach for surveying would need to be developed).

Cost: $225,000 + indirect (this is a very rough estimate, more detail on the population needs to be obtained)

Timeline: This project will take approximately 18 months to complete.

186.040 Issuance of certificate of registration -- Plates -- Clerk's fee -- Donations to child care assistance account -- Additional fees and distribution.

(1) Upon receiving the application and fee, the county clerk shall issue to the owner a certificate of registration containing the information required by subsection (2) of this section and a registration plate. If the cabinet finds that there is a shortage of materials suitable for making plates, or that a substantial saving will result, it may require by regulation with the approval of the Governor that previously issued plates continue to be used for a designated period. Except as provided in subsection (3) of this section, for services performed, the owner shall pay the county clerk the sum of six dollars ($6) for each registration, or if the registration exceeds a twelve (12) month period, the clerk shall receive a fee of nine dollars ($9).

(2) The certificate of registration shall contain the registration number, the name and post office address of the owner, and such other information as the cabinet may require.

(3) An owner who registers a vehicle under KRS 186.050 that has a declared gross vehicle weight with any towed unit of forty-four thousand and one (44,001) pounds or greater shall pay the county clerk thirty dollars ($30) for each registration. The clerk shall retain the thirty dollar ($30) fee for services performed under this subsection.

(4) Any person requesting a certificate of registration or renewal of registration of any type of motor vehicle shall have the opportunity to donate one dollar ($1) to the child care assistance account. The one dollar ($1) donation shall be added to the regular fee for vehicle registration. One donation may be made per issuance or renewal of vehicle registration. Donation to the child care assistance account shall be voluntary and may be refused by the applicant at the time of the issuance or renewal of any vehicle registration.

(5) The county clerk may retain five percent (5%) of fees collected for the child care assistance account under subsection (4) of this section. The remaining funds shall be deposited into a trust and agency account in the State Treasury to the credit of the Cabinet for Health and Family Services for the exclusive use as follows:

(a) Funds shall be made available to the agencies that administer child care subsidy funds; and

(b) Funds shall be used as determined by the cabinet for working families whose income exceeds the state income eligibility limits for child day care assistance.

(6) Notwithstanding any other provision of law, in addition to the registration fee provided for county clerks in subsections (1) and (3) of this section, an additional three dollars ($3) per registration shall be collected by the county clerk at the time of registration. This additional fee shall be distributed as follows:

(a) One dollar ($1) shall be placed in an agency fund to provide additional funds exclusively for technological improvements or replacement of the AVIS system. The operation and maintenance of AVIS shall remain as currently provided for from the operational budget of the Transportation Cabinet and shall not be reduced below the 2005-2006 funding level;

(b) One dollar ($1) shall be placed in an agency trust fund to provide funds exclusively for technological improvements to the hardware and software in county clerk offices related to the collection and administration of road fund taxes. The Transportation Cabinet, in consultation with county clerks, shall allocate funds as necessary from this fund to be used for this exclusive purpose; and

(c) One dollar ($1) shall be placed in a trust fund to be maintained by the Transportation Cabinet to provide an unrestricted revenue supplement, for operations of the office related to the collection and administration of road fund taxes, to county clerk offices in counties containing a population of less than twenty thousand (20,000), as determined by the decennial census, and for no other purpose. Annually, by March 1, the Transportation Cabinet shall calculate the amount collected in the previous calendar year and distribute the entire fund proportionate to each county that qualifies under this paragraph based on population. This revenue shall be considered current year revenue when paid to the clerk and shall not be identified as excess fees from the previous year.

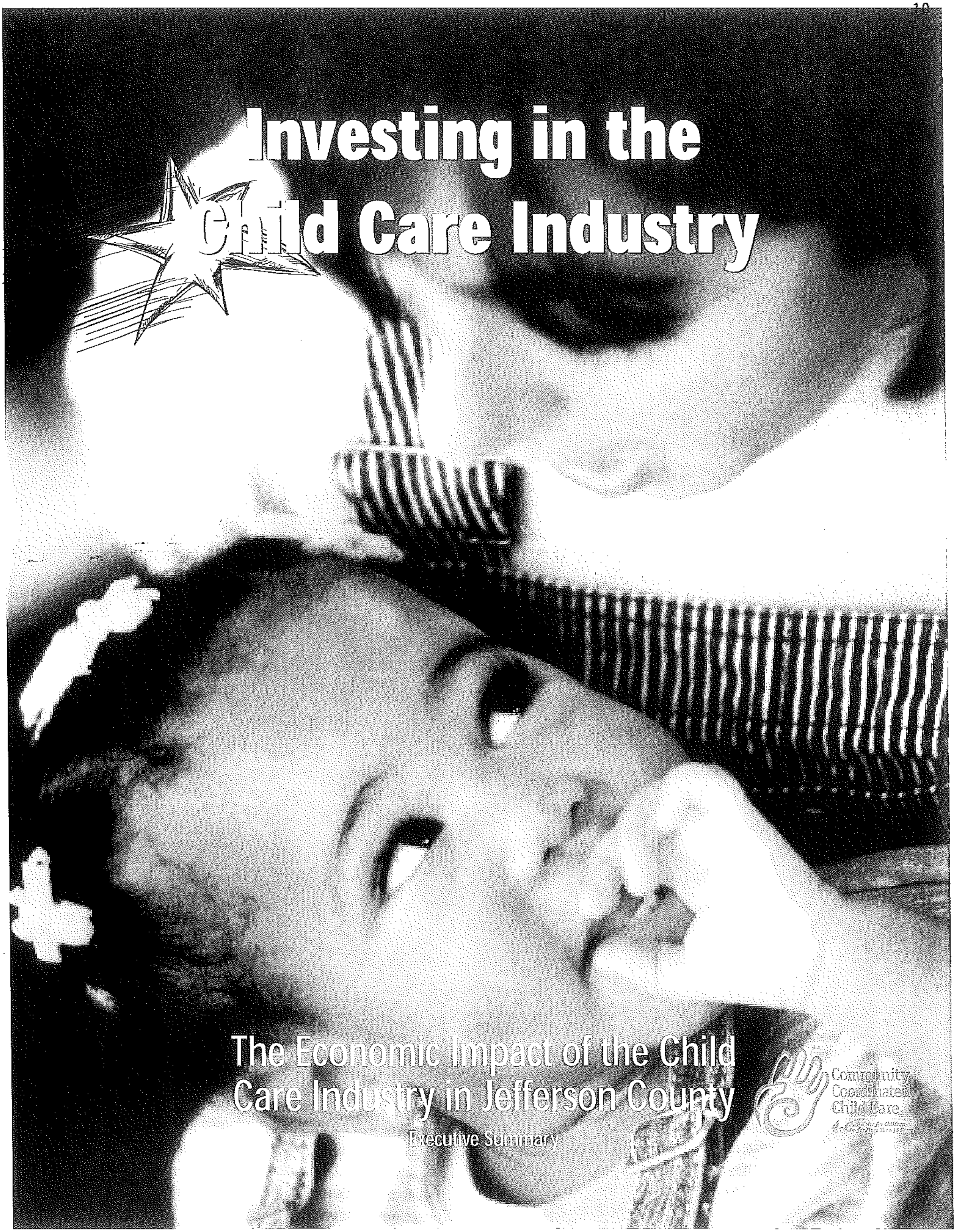
Effective: January 1, 2007

History: Amended 2006 Ky. Acts ch. 255, sec. 7, effective January 1, 2007. -- Amended 2005 Ky. Acts ch. 99, sec. 144, effective June 20, 2005. -- Amended 2003 Ky. Acts ch. 124, sec. 41, effective July 1, 2003. -- Amended 1998 Ky. Acts ch. 544, sec. 1, effective July 15, 1998. -- Amended 1994 Ky. Acts ch. 428, sec. 3, effective July 15, 1994. -- Amended 1986 Ky. Acts ch. 118, sec. 102, effective July 1, 1987. -- Amended 1984 Ky. Acts ch. 37, sec. 1, effective July 13, 1984. -- Amended 1982 Ky. Acts ch. 375, sec. 3, effective July 15, 1982. -- Amended 1968 Ky. Acts ch. 40, Part IV, sec. 1. -- Amended 1966 Ky. Acts ch. 139, sec. 4, effective January 1, 1967. -- Amended 1964 Ky. Acts ch. 59, sec. 1. -- Amended 1958 Ky. Acts ch. 82, sec. 3, effective January 1, 1960. -- Amended 1942 Ky. Acts ch. 78, secs. 4 and 9. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 2739g-10.

2012-2014 Budget Reference. See Transportation Cabinet Budget, 2012 (1st Extra. Sess.) Ky. Acts ch. 2, Pt. III, A, 3 at 28.

2012-2014 Budget Reference. See Transportation Cabinet Budget, 2012 (1st Extra. Sess.) Ky. Acts ch. 2, Pt. III, A, 5 at 28.

Investing in the Child Care Industry



The Economic Impact of the Child Care Industry in Jefferson County

Executive Summary

Community Coordinated Child Care

Why invest in child care?

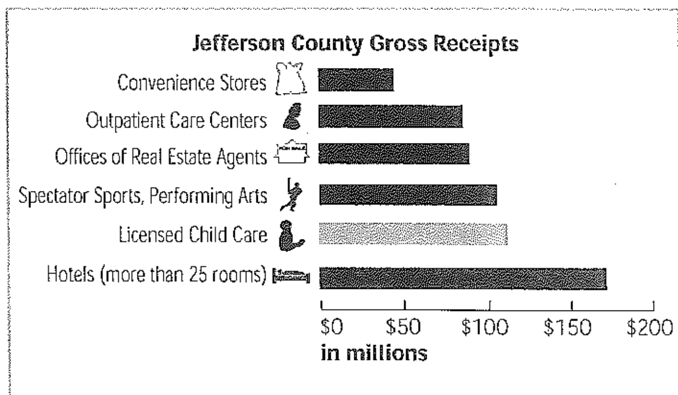
> "Strong families are a precondition for competitive cities. The new city should therefore strive to lift all working families out of poverty and onto the path of self sufficiency."
>
> – Brookings Institute

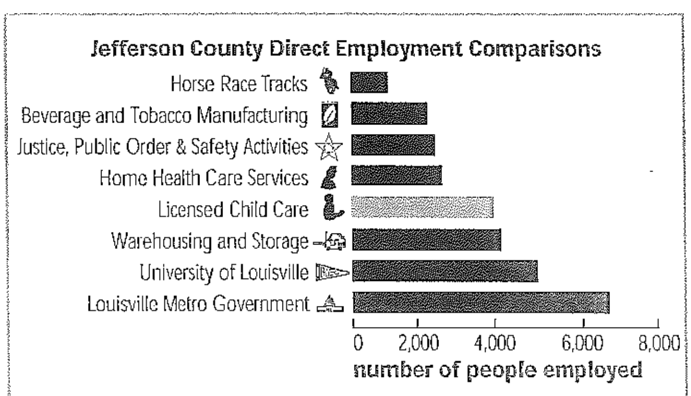
Child Care – Critical Element of Economic Infrastructure

- Like transportation, education and public works, child care is a necessary and vital part of the economic infrastructure
- Investing in the child care infrastructure of the Louisville economic area has direct positive benefits for the region's overall economic competitiveness
- Increased earnings by adults who attended quality early education programs translate to a larger tax base

Child Care – Significant, Income Generating Industry

- Licensed child care is a $119.8 million industry in Jefferson County
- The child care industry represents more than 500 small businesses in Jefferson County
- Approximately 4,000 people work in the child care industry in Jefferson County
- 67% of families in Jefferson County need child care to work or attend school/training
- Child care gross receipts are more than the gross receipts taken in by spectator sports, the performing arts and legal gambling





Community Coordinated Child Care

> "We understand the impact family demands can have on employee turnover and productivity. The bottom line is the bottom line – we're more productive, we limit our expenses, and attract better people to our team by being family friendly."
>
> – Church Saufley, VP of Human Resources for Kentucky Lottery Corporation.

Child Care -- Essential Component of Workforce Development

- Investments in quality child care programs reduce future public expenditures and help the region to have a skilled and productive workforce now and in the future
- Families in Jefferson County are able to earn $977.4 million because they have child care
- Quality child care increases children's ability to enter traditional K-12 schooling ready to learn, and prepares them for future opportunities
- Currently in Jefferson County almost 81,000 children ages 0 to 12 need some form of care because their parents are in the labor force

Return on Investment in Child Care

- Federal Reserve Bank economists estimate that quality child care programs generate a 16% rate of return on investment, 12% of which is a public rate of return
- A healthy child care industry helps businesses attract and retain the best employees and enable the state to attract and retain the best businesses
- $44.7 million is brought into Jefferson County through public/private child care assistance and investments for low-income families and child care initiatives

Recommended Investments

Businesses

- Improve child care benefits to employees
- Support and collaborate with traditional and non-traditional child care partners such as 4-C, Success By Six, GLI's Work/Life Alliance
- Educate and influence fellow business leaders toward supporting child care initiatives

Government

- Make quality child care a vital component of Louisville's Metro Planning Commission's comprehensive plan
- Pass tax credit legislation to support child care
- Reduce zoning regulation barriers to child care
- Designate government liaison between local government and child care industry

Community

- Maximize the economic and political force of the child care industry
- Increase the funding available to families for child care by contributing a dollar or two when you renew your motor vehicle registration
- Advocate for improving child care quality as an essential component of GLI's "every one reads" initiative to ensure every student in the school system reads at grade level

Community Coordinated Child Care

Community Coordinated Child Care, 4-C

For over 30 years, 4-C has been the central point of contact for our community's child care needs. 4-C is a private, non-profit Metro United Way agency dedicated to improving the quality, availability, and accessibility of child care and early childhood development programs in the Kentuckiana area.

1215 S. Third St. Louisville, KY 40203
502-636-1358
www.4cforkids.org

> **"A key strategy for the growth of the Louisville community is the attraction and retention of key talent. Access to quality, affordable child care is one very important aspect of Greater Louisville's quality of life."**
>
> **– Steve Higdon, President/CEO of Greater Louisville Inc.**

Since 1997 the National Economic Development and Law Center (NEDLC) has produced Child Care Economic Impact Reports (CCEIRs) in counties and states throughout the country. The CCEIRs articulate child care in economic development terms and quantify the ways in which the child care industry is critical to the local economy. Community Coordinated Child Care (4-C) partnered with NEDLC to form an Advisory Board of local and statewide leaders in the fields of business, government, child care, and economic development.

The publication, *The Economic Impact of the Child Care Industry Study,* was written by 4C, based on the findings from NEDLC. Other contributors include the Advisory Board to the report:

Judge Harry Berry, Judge Executive
Hardin County

Larry Bisig, CEO
Bisig Impact Group

Mike Cheek, Director,
Division of Child Care
Kentucky Cabinet for
Families & Children

Perry Clark,
Kentucky State House Representative,
District 37

Ron Crouch, Director
Kentucky State Data Center

Carol Hensley, Director
Main Street Business Association

Lynn Howard,
Assistant to Cabinet Secretary,
Health and Family Services
Louisville Metro Government

Kathy King, Lincoln Trail Director
Community Coordinated
Child Care (4-C)

Janet Masterson, Assistant Director
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Small Business Development Center

Eileen Pickett, Vice President
Greater Louisville Inc.

Church Saufley, Human Resource Director
Kentucky Lottery Corporation

Paula Bendl Smith, Executive Director
Kentucky Child Care Network

Terry Tolan, President
United Way of Kentucky

Susan A. Vessels, Executive Director
Community Coordinated
Child Care (4-C)

Sam Watkins, Executive Director
Louisville Central Community & Louisville
Central Development

The Economic Impact of the Child Care Industry Study was made possible through the generous financial support of Bisig Impact Group, Bob Henderson, Metro Government Council Member, District 14; Jefferson County Community Early Childhood Council and Metro United Way. For a full copy of this report, please visit www.4cforkids.org.

Community Coordinated Child Care

Social Services/Community Development Committee Referrals

Item Referred	Referred By	Date Referred	Status
Workforce Investment & Training	Ford	10.16.12	