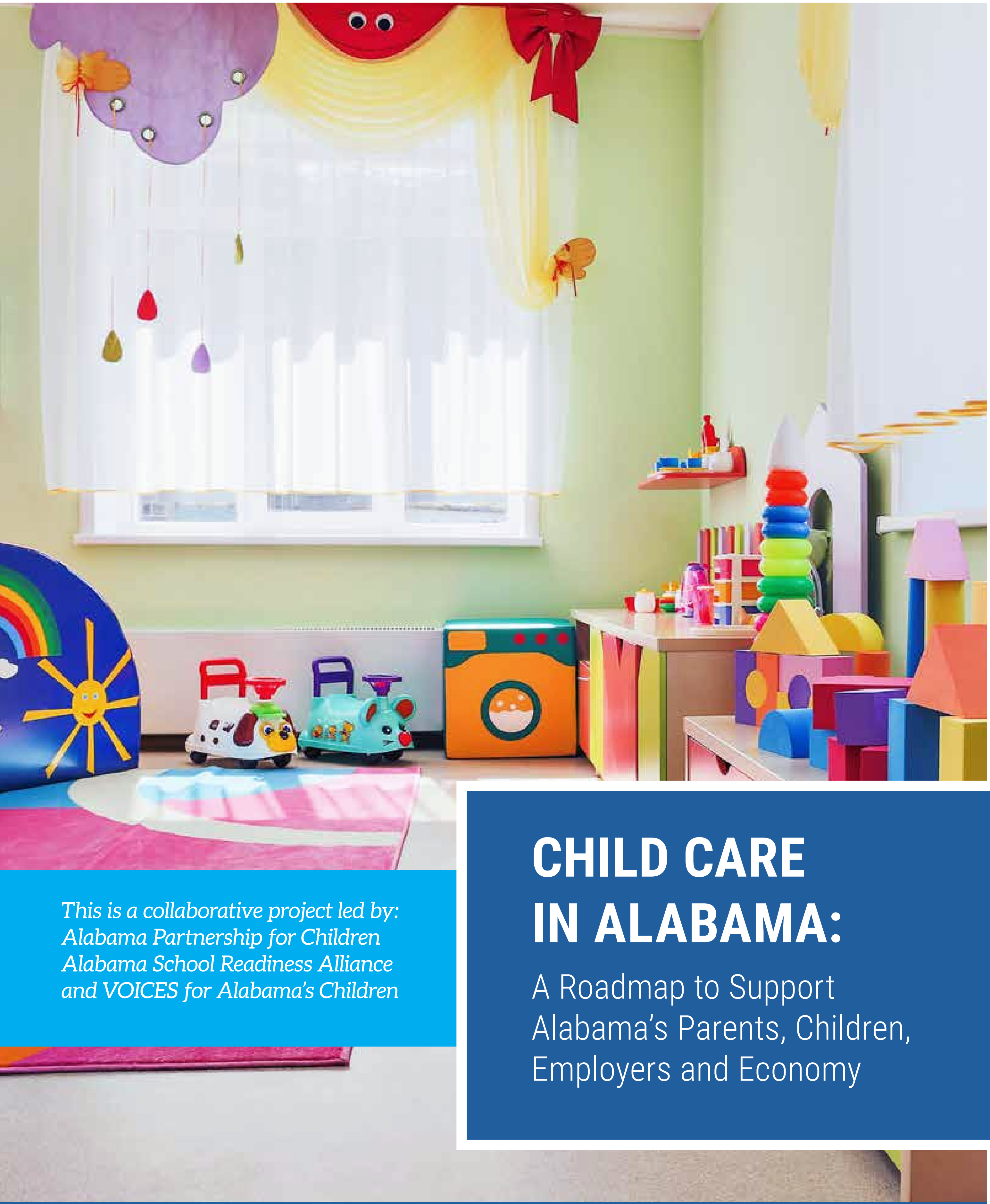

CHILD CARE IN ALABAMA:

A Roadmap to Support Alabama's Parents, Children, Employers and Economy

This is a collaborative project led by:
Alabama Partnership for Children
Alabama School Readiness Alliance
and VOICES for Alabama's Children

Child Care in Alabama:

A Roadmap to Support Alabama's Parents, Children, Employers and Economy

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Thank you to the following leaders who served on the Roadmap for Child Care in Alabama Workgroup. The workgroup met six times between March and June 2023 in person and via Zoom to closely study child care in Alabama and develop this comprehensive set of recommendations.

Executive Summary

In 2022, the Alabama Partnership for Children, Alabama School Readiness Alliance and VOICES for Alabama's Children, decided to build on decades of child care studies and needs assessments to develop a child care roadmap – short- and long-term recommendations to transform child care over the next decade so that all Alabama families have access to high-quality, affordable child care.

This collaborative partnership, led by the Alabama School Readiness Alliance, brought together a high-level workgroup of leaders to analyze child care related data and produce recommendations.

The workgroup began with a consensus that the current child care system does not meet the needs of anyone well – not parents, not employers, not child care providers, and, most importantly – not children.

Development of the child care roadmap was informed through a series of discussions, forums, roundtables, listening sessions, surveys, and data analyses with state agencies, employers, parents, child care providers (home-based and center-based), and other stakeholders in the early childhood field.

Prior to the COVID pandemic, child care businesses operated on razor-thin margins. When the pandemic swept the state (and nation) in 2020, the business model was no longer viable. To prevent widespread program closure, which would have impacted the ability of parents to work – particularly first responders, and emergency and essential personnel, Congress approved temporary supplemental child care funding for states to prevent the child care market from collapsing.

With those funds, Alabama's Department of Human Resources invested in temporary measures to stabilize the child care market, invest in recruitment and

ALABAMA'S ECONOMIC GROWTH DEPENDS ON ACCESS TO AFFORDABLE, HIGH-QUALITY CHILD CARE

Access to affordable, high-quality child care has long been a struggle throughout Alabama. In many communities, the supply of care is insufficient to meet the needs of parents. In most communities, the price of care is a struggle for working families. In part, that is because child care is not a system. It is a fragmented set of individual child care businesses (some micro businesses such as home-based care) and some small businesses (such as child care centers) that operate independently, along with Early Head Start/Head Start and Pre-K programs, home-based care (nanny or family), and informal drop-in programs.

Child care is a critical work support for parents. At the same time, it is an important setting that promotes the healthy development of young children.

Child care access and affordability are complicated. There is no one strategy to fix the multiple challenges.

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retention strategies to address the child care workforce shortage, and strategies to help make child care more affordable for parents.

In 2022, the Alabama State Legislature increased funding for early care and education by $40 million – an increase of $22.5 million for First Class Pre-K and $17.8 million for Alabama Quality STARS, the state's child care quality and improvement system (coaching, support, assessment, and more to help incentivize and support high-quality child care programs).

In 2023, the Alabama State Legislature increased funding for early care and education by $42 million ($12 million for First Class Pre-K and $30 million for Alabama Quality STARS).

What is clear is that during the past 6 years, with more funding available, innovative programs and innovative strategies have been put in place to better support the child care needs of working parents and children.

Yet, child care access and affordability challenges still exist. Given the complexity of child care access and affordability (e.g., supply shortages and child care workforce shortages as well as affordability for parents), there is no one singular strategy to fix the multiple array of challenges.

In Alabama, for all families to have access to affordable, high-quality child care, a roadmap building on the history of successful initiatives already undertaken will require additional investments.

The roadmap report outlines six areas in which short and long-term recommendations are made. Some will require modest investments, some require more robust investments.

Alabama is already well-positioned (compared to other states) with a specific Education Trust Fund budget. A modest 1-2% reserve for quality child care could be considered and still ensure that annual spending is below the Rolling Reserve Act spending caps.

The consensus of the work group was that the child care business model doesn't work. This market failure impacts the ability of parents to obtain and retain jobs. It impacts employer key performance indicators (KPIs). Ultimately, it impacts community and state economic growth.

Transforming child care in Alabama won't happen overnight. However, incremental progress based on sound policy and sequential investments with a public data dashboard for accountability, is doable.

As Governor Ivey said at the PARCA annual conference in March 2023,

"Many Alabamians and others across the country face a dilemma in finding safe, reliable child care. As more and more Alabamians join the workforce, which is a very positive development for our state and quality of life, more working families will also need child care services. ***There is no better time than right now to address this fundamental need facing this state."***

Transformation takes vision, leadership, innovation, and investment. All within place in Alabama. It is time.

The following work group recommendations are excerpted from the full roadmap report, which describes in detail the challenges reviewed by the work group and provides insight for the recommendations.

#1 THE CHILD CARE BUSINESS MODEL

Short-term Recommendation: Cost Modeling. Form a broad-based Alabama cost of quality workgroup (state agencies, business leaders, center and home-based child care providers, and other key stakeholders) to utilize the Provider Cost of Quality Calculator tool developed by the U.S. Department of Health and Human Services (HHS) for states or some other business tool with a series of variables based on the costs of operation (not the price currently charged).

Short-term Recommendation: Child Care Workforce Wage Supplements. Continue the quarterly workforce bonuses based on prior quarter employment while a long-term strategy is designed.

Short-term Recommendation: Child Care Workforce Benefits. Offer telemedicine/teletherapy benefits and child care subsidy assistance to individuals working in child care as a recruitment and retention strategy. Job benefits can be as important as earnings for job recruitment and retention.

Short-term Recommendation: Child Care Shared Services Online Platform and Jobs Board. Implement an online early care and education shared services platform with a jobs board.

Short-term Recommendation: Start-up and Expansion Grants to Expand Child Care Supply. Offer start-up and expansion grants, particularly in areas of the state with a large gap between licensed capacity and working parents with children under age 6 who may need child care. Condition the grants on participating in both Alabama Quality STARS and the child care subsidy program (i.e., being willing to accept child care subsidy payments).

Long-term Recommendation: Cost-Model Supported Strategies. With cost modeling completed, strategies can be developed and considered to better support the child care market, the child care workforce, and parents who depend on the market (both private-paying and subsidy receiving).

Long-term Recommendation: Create a Child Care Substitute Pool. Develop a pilot child care substitute pool in several communities and evaluate for potential expansion.

Long-term Recommendation: Child Care Facility Needs Assessment. Update the 2021 child care facility needs study undertaken by Dr. Alison Hooper at the University of Alabama.

Long-term Recommendation: Zoning Barrier Reduction. Form a workgroup with state agencies, municipal leaders, home-based providers, and other stakeholders to review state and local zoning barriers that prohibit home-based child care businesses or limit the size of home-based child care businesses. Produce a report with recommendations for consideration.

#2 THE CHILD CARE WORKFORCE

In addition to continuing the child care workforce wage supplements and offering child care workforce benefits as recommended under the Child Care Business Model section, the following recommendations pertain to the child care workforce.

Short-term Recommendation: Annual Child Care Workforce Report. Conduct an updated child care workforce study to better understand the demographics of the child care workforce, their level of experience, credentials, and education, as well as their hourly wages and benefits. Ultimately utilize a child care and early childhood workforce registry to track and annually report this information on a public dashboard.

Short-term Recommendation: Expand T.E.A.C.H. and Retention Incentive Stipends. Double T.E.A.C.H. Program funding to expand the number of child care workers who can access scholarships to continue their education (e.g., obtain a Child Development Associate (CDA) credential, A.A. in early childhood education, or B.A. in early childhood education).

Short-term Recommendation: Child Care Registered Apprenticeship Programs and Career and Technical Education (CTE) Programs. Expand the number of child care registered apprenticeship programs and early childhood CTE programs and grow the number of participants.

Short-term Recommendation: Child Development Associate Credential Infused with CLASS®. Pilot a Child Development Associate (CDA) credential infused with CLASS® to boost child care workforce early childhood education competencies and interactions with children.

Long-term Recommendation: Refundable Child Care Workforce Tax Credits or Wage Supplements Tiered by Credentials and Education. Increase child care workforce wages tied to credentials and/or levels of education to support recruitment and retention through either refundable tax credits or wage supplements.

Long-term Recommendation: Integrated Child Care and Early Childhood Registry. Create an integrated registry to develop data-driven strategies to best support early childhood educators.

Long-term Recommendation: Evaluate Workforce Investments for Accountability. Evaluate workforce investments to understand impact and make adjustments as needed. Post high-level data on a data dashboard.

#3 CHILD CARE AFFORDABILITY & ACCESSIBILITY

Short-term Recommendation: More Families Eligible for Child Care Subsidy. Expand eligibility for child care subsidy to families with income at or below 260% of the federal poverty (about 85% of state median income).

Short-term Recommendation: Child Care Subsidy Awareness Campaign. Increase efforts to raise the visibility of the child care subsidy program for working families (e.g., through radio ads, billboards, etc.).

Short-term Recommendation: Help Me Grow and Books, Balls & Blocks. Increase funding for Help Me Grow and Books, Balls & Blocks to support more parents of young children in learning about age appropriate milestones, age-appropriate learning activities, and developmental screening that can be helpful to identify young children in need of early intervention services.

Short-term Recommendation: Child Care Access Means Parents in School (CCAMPIS). Increase the number of Alabama community colleges and universities that apply for federal CCAMPIS funds to provide child care assistance to student parents on campus.

Long-term Recommendation: Online Application for Child Care Subsidy. Expand the ways that families can apply for child care subsidy including creating an online application.

Long-term Recommendation: Evaluate Investments for Accountability. Evaluate the impact of increasing child care subsidy and the impact of investing in programs to expand the reach of early identification of children who may need early intervention and other services. Post high-level data on a data dashboard.

Long-term Recommendation: Funding to explore ways to address care for families who work non-standard hours that includes incentives for providers.

Long-term Recommendation: Funds to incentivize local collaboration in child care deserts.

Long-term Recommendation: Refundable child care credits for working families.

#4 HIGH-QUALITY CHILD DEVELOPMENT

Short-term Recommendation: Increased funding for Early Interventions and expanded access to developmental assessments.

Short-term Recommendation: Increased funding to expand access to First 5 Alabama consultants statewide to support the early education workforce.

Short-term Recommendation: Continue to advocate for increased Pre-K funding.

Long-term Recommendation: Develop a dedicated funding source to increase funding for high quality Birth-5 programs.

#5 PARTNERSHIPS WITH EMPLOYERS

Short-term Recommendation: Employer Child Care Partnership Grants. Provide grants to employers that help support parent access to child care (e.g., in community-based licensed child care, onsite, or in providing child care benefits such as a monthly stipend for child care).

Short-term Recommendation: Child Care Employer Tax Credits. Enact an employer child care tax credit for employers that support onsite or nearby child care for use by employees or provide a child care benefit and a child care facility tax credit for child care providers that serve children whose care is paid for with a subsidy and that participate in the Alabama Quality Stars program.

Short-term Recommendation: Employer Child Care Toolkit. Develop an employer child care toolkit that enables employers to understand a menu of options from low cost/no cost to higher costs to support employee recruitment and retention.

Long-term Recommendation: Evaluate Employer Investments for Accountability. Evaluate the impact of employer child care partnership investments.

#6 EFFECTIVENESS OF INVESTMENTS

Short-term Recommendation: Child Care Data Gaps. Form a workgroup to identify child care data gaps to better understand what data is available and what data is needed to build a public dashboard for child care.

Long-term Recommendation: Provider Data Integration. Develop an integrated child care search function where provider information is included about Alabama Quality STARS participation and most recent rated level. Also include whether the provider participates in the child care subsidy program and whether the provider hosts an Alabama First Class Pre-K program (and # of classrooms).

Long-term Recommendation: Provider Data Capacity & Enrollment Integration. Work with child care providers to broaden access to child care automated management systems that will help providers, communities, and state agencies understand real-time child enrollment data (compared to licensed capacity) for data driven strategies based on the care setting and age of children served. For example, where are the real deserts? Which communities? What is the gap of child care capacity by age by potential need (e.g., infant and toddler care)? Is the market saturated for one particular age group but deficient for another age group?

Long-term Recommendation: Integrated Child Data System. Develop an integrated child data system to understand the relationship between early care settings and K-12 performance as well as a unique child count related to public program participation and support services (e.g., rather than separate counts of the number of children participating in individual programs).

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