

Briefing Paper to the 2003 Gubernatorial Candidates

# Early Childhood Issues in Kentucky

*Prepared by Kentuckians for the Early Years*

**Kentuckians for the Early Years (KEY) is a group of child advocates committed to the issues and needs of the youngest in our state. Members of the group include: Kentucky Youth Advocates, Children, Inc., Community Coordinated Child Care (4-C), Eastern Kentucky Child Care Coalition, and the Kentucky Association of Child Care Resource and Referral Agencies.**



*“We live in a world in which we need to share responsibility. It’s easy to say ‘It’s not my child, not my community, not my world, not my problem.’ Then there are those who see the need and respond. I consider those people my heroes.”*  
 - Fred Rogers

## **The Problem**

Kentucky’s youngest children deserve the best early care and education so they will start school ready to learn. The Commonwealth’s families deserve quality, affordable early care and education that support them as workers. Unfortunately, too many of Kentucky’s working families are struggling to simply find childcare that is available and affordable, while sacrificing the quality of care and nurturing that we now know is necessary to prepare young children to learn. Equally critical to the future vitality and viability of the Commonwealth is the health and positive early development of our youngest.

In the past decade, early childhood has been a top priority for Kentucky’s policy makers. Kentucky’s comprehensive early childhood development policies focus on working families’ access to affordable childcare, availability of quality childcare, and healthy births and early child development. The policy focus has resulted in a broad range of services including: access to childcare subsidies (CCAP); quality rating system for childcare providers (STARS); Kentucky Children’s Health Insurance Program (KCHIP); scholarship fund for childcare providers; and in-home services for pregnant women and newborns (HANDS).

Fully funding Kentucky’s early childhood system ensures that children will be ready for school, families can continue working, and quality childcare choices exist for families. Research has found that every \$1 invested in quality early childhood care saves as much as \$7 by increasing the likelihood that children will be literate, employed, and enrolled in postsecondary education and less likely to be school dropouts, dependent on welfare, or arrested for criminal activity.<sup>1</sup>

### **1 in 5 of Kentucky’s Children is Living in Poverty**

- ? There are 203,547 children living in families with incomes below poverty.
- ? 43% of single-mother families live in poverty compared to 10% of married-couple families.
- ? Kentucky ranks 44<sup>th</sup> among states in the percent of children who are poor.
- ? Nearly half of Kentucky’s children live in families that are not financially self-sufficient.
- ? In Kentucky, the majority of poor children live in urban areas.
- ? Counties with the highest child poverty *rates* are not necessarily those with the highest *numbers* of children in poverty.
- ? Black children in Kentucky are twice as likely to be poor as white children.
- ? Child poverty rates declined in the 90’s for every age group, yet the highest poverty rates were still those among our youngest children, those under age five.
- ? For 59 percent of children in married-couple homes, both parents are in the labor force. In Kentucky’s single-parent homes, almost three-fourths of children live with a parent who is in the labor force.

*These statistics are from Kentucky Youth Advocates 2002 County Data Book and Census Brief: Child Poverty in Kentucky*



## **Policy Area: Working Kentucky Families' Access to Affordable Childcare**

*According to an Early Childhood Collaborative polling summary, by margins of 80% or more, the public supports programs that are affordable, accessible and of high quality.<sup>2</sup>*

There are more low-income working families in Kentucky than there were a decade ago and a result of this is increased need for family support. Supporting working families by providing childcare assistance, offering childcare tax credits, and ensuring a progressive tax system are strategies that significantly improve child well-being. A good question to answer would be: What kinds of family supports and services should the state provide to insure a sufficient and efficient workforce to drive Kentucky's economic machine?

### **Priority Area: Child Care Assistance Program (CCAP)**

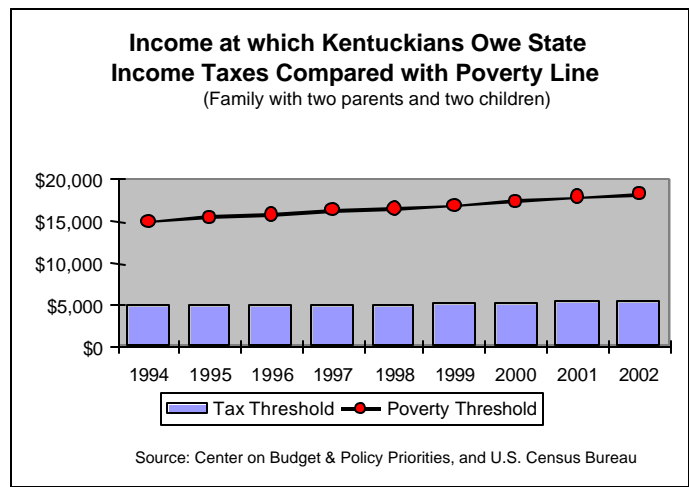
Thousands of Kentucky's working parents face a daily challenge: how can they work and make sure that their children are being cared for by quality childcare providers? This is a challenge because the average annual cost of childcare is approximately \$4000. The CCAP program assists parents who work and/or go to school by providing subsidies that help them pay for the childcare of their choice. In the last decade, childcare subsidies have become a cornerstone of policies designed to help thousands of low-income parents stay on the job.

- ? *Families who earn annual incomes of 165% of the federal poverty level (for a family of four, this equals approximately \$30,360 annually) currently qualify for childcare assistance.<sup>3</sup> As of May 1, 2003, the eligibility level for entry will be dropped to 150% of the federal poverty level.*
- ? *Kentucky's CCAP serves 78,000 children in low-income families annually.<sup>4</sup>*
- ? *Only 13 states have subsidy levels set at lower eligibility levels than Kentucky.<sup>5</sup>*

### **Priority Area: Low-income Tax Threshold**

The headline reads: "Poor Families in Kentucky Are Hit Harder by the Income Tax Than Those in Most Other States".<sup>6</sup> This national headline quickly sums up Kentucky's regressive, unequal tax system. Families in Kentucky start paying state income taxes at \$5500 and the federal poverty level is above \$18,400. The Commonwealth, after Alabama is the second worst state for taxing its low-income families. Taxing the incomes of working-poor families runs counter to efforts by policymakers from across the political spectrum to provide assistance to families working their way out of poverty.

- ? *Low and middle income Kentuckians pay more taxes as a percent of their income than high-income persons.*
- ? *Lower income Kentuckians pay disproportionately higher sales and property taxes than higher income Kentuckians.*



### **Priority Area: Tax Credits**

Kentucky's working parents are able to claim two state tax credits: the Dependent Care Tax Credit (DCTC) and a personal exemption for dependent children. The DCTC offers tax relief to families with childcare expenses and the dependent child exemptions are offered to all families with children.<sup>7</sup> For most low and



middle-income families, childcare expenses are the third greatest family expense after housing and food.<sup>8</sup> As a result, families often have to choose between affordability and quality in childcare. The tax credits allow families to spend their money on better quality childcare and as we know, quality childcare costs more.<sup>9</sup>

- ? Kentucky’s maximum DCTC for one child is \$144 and for 2 or more dependents is \$288.
- ? Kentucky’s maximum tax credit for working parents is set at 20% of the federal maximum.
- ? Of the states that offer the tax credits (30), only three have set their maximum credit lower than Kentucky.

**How can you make childcare more affordable in your term as governor?**

**Increase income eligibility of the CCAP program to 200% of federal poverty level.** Kentucky’s CCAP program has grown to be such a vital service to its workers that we are not able to provide assistance to all who need it. By fully funding CCAP, thousands of families who need the assistance can get it. In order to close the current \$11 million budget gap in CCAP, the Cabinet for Families and Children is decreasing the income eligibility level to enter the program to 150% of the federal poverty level. The effects of the budget cuts will affect thousands of Kentucky’s children and damage the infrastructure of the CCAP.



**Increase the value of the Dependent Care Tax Credit and the dependent child exemption.**

☐ Making these two tax credits refundable would increase their value to the lowest income families who have little or no tax liability. Increasing the maximum amounts of the credit would help all working families but would be more costly. These changes could be a part of a comprehensive tax reform package.



**Reduce the tax burden for our poorest families.** Any tax reform proposal should address the significant imbalance between the percent of taxes that low and middle income Kentuckians pay relative to higher-income people. At the very least, the state’s tax system should provide a balanced distribution of taxes. At best, it should mean a progressive tax system based upon one’s ability to pay.

**Policy Area: Availability of Quality Childcare**

*“The nation’s governors believe in working toward a goal of a seamless childcare and early education system that provides a safe, nurturing, and developmentally sound environment for all children. This seamless system of care should be linked to health care and education systems and promote parental involvement in their children’s out-of-home care setting.”*

- National Governor’s Association Policy Statement

Many kindergarten teachers complain that their students are not ready for school. This problem extends far beyond the school door to become an economic development issue for Kentucky. The presence of quality childcare opportunities prepares children for their futures in the classroom and the job market. The Federal Reserve Bank of Minnesota recently acknowledged the importance of early childhood care and education with an article titled “Early Childhood Development: Economic Development with a High Public Return”. They state “Early childhood development programs are rarely portrayed as economic development initiatives, and we think that is a mistake. Such programs, if they appear at all, are at the bottom of the economic development lists for state and local governments. They should be at the top. Most of the numerous projects and initiatives that state and local governments fund in the name of creating new private businesses and new jobs result in few public benefits. In contrast, studies find that well-focused investments in early childhood development yield high public as well as private returns.”<sup>10</sup>

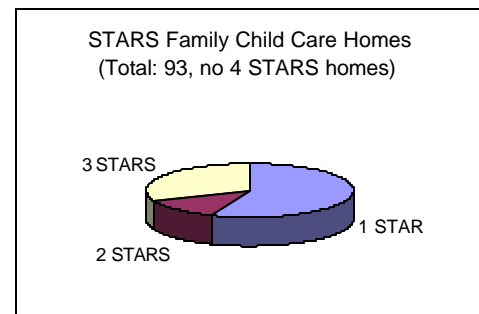
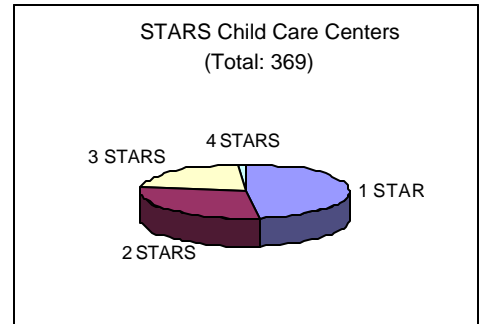


In addition to the social and community implications of quality childcare, the latest brain research shows that quality early care and education greatly improves children’s social, behavioral, emotional, and cognitive development. Kentucky is leading the nation with our voluntary quality rating system, scholarship program for providers and parent education program. <sup>11</sup>

**Priority Area: Kentucky’s Voluntary Childcare Quality Rating System (STARS)**

STARS is a voluntary rating system designed to raise the level of quality in childcare by improving adult to child ratios, class sizes, classroom environments, curriculum, involvement of parents, staff retention and staff professionalism. <sup>12</sup> Research shows that children cared for in high quality settings perform significantly better in math, language, and social skills at school entrance than peers in programs of poor quality.

Public education efforts are designed to inform parents about the importance of asking about a center’s STARS rating before enrolling their child. Financial incentives and awards are given to the centers that elect to participate in the STARS program. According to one early childhood advocate: “Not all childcare is quality care--some is frighteningly awful--but there are some very real quality improvements occurring in programs receiving technical assistance through STARS.”



*Kentucky Association of Child Care Resource and Referral Agencies Personal Contact (March 2003)*

**Priority Area: Scholarship Fund for Childcare Providers**

Educating and training childcare providers in the latest research is one of the most important aspects of a quality childcare program. Kentucky’s scholarship fund gives teachers the opportunity to acquire training and earn credentials in early childhood that allows them to become professionals. The program assists childcare personnel to move through a credentialing system that begins at entry level and proceeds through postsecondary education. Without the tuition assistance most of these providers would not receive additional training that is necessary for the provision of quality services.

- ? 148 credentials have been awarded and 550 non-college credit awards have been made. <sup>13</sup>
- ? 768 scholarships were awarded in 2003.
- ? The average annual salary for childcare workers is \$15,120.

**Priority Area: Childcare Quality at Home (HANDS Parent Education)**

Young parents oftentimes need additional support and guidance to provide the best care for their children at home. Kentucky acknowledged the importance of this need and started the HANDS program. HANDS is an intensive in-home service designed to improve both health and social outcomes for pregnant women and new mothers. Positive outcomes measured are child growth and development, healthy pregnancy and births, safe and healthy homes, and family decision-making.

- ? Over 74,570 home visits were made from July 2001-June 2002 to approximately 6,000 families. <sup>14</sup>
- ? Already this year, 6,286 families have received in-home services in all 120 counties.
- ? There are approximately 9,000 home visits per month across Kentucky.



## How can you improve the quality of childcare as Kentucky's governor?

**Maintain tobacco settlement dollars for early childhood initiatives.** The master tobacco settlement dollars dedicated to early childhood in Kentucky has been instrumental in the success of our youngest children. The dollars have allowed Kentucky to move forward and become a leader in the nation. Continuing this funding stream to early childhood programming is a commitment that Kentuckians support.

Low cost

**Increase the number of childcare programs participating in the STARS program.** This can be achieved by aggressively advertising and promoting the STARS program so parents demand the STARS rating when they enroll their children in childcare. This can be done for little cost to the state. Restaurants and movies are rated. Why should the care for our youngest be excluded from this important public information system?

### Policy Area: Healthy Births and Development

*In one state, an early childhood poll found that there is almost no disagreement with the statement "No child should be denied health care based on the inability of their parents to pay for health insurance or care." (95% of respondents fully agreed with the statement).<sup>15</sup> In another state poll, 90% of all voters surveyed agreed that policy makers should make and keep promises for all parents to have access to pre-natal and infant health care.<sup>16</sup>*

Kentucky's policy makers influence the present and future health of our Commonwealth by preventing negative health outcomes in early childhood and guaranteeing that children have access to adequate health insurance, oral health services, and other preventive care. These health and development services are important aspects of Kentucky's school readiness plan. Research has shown that early childhood health outcomes influence later outcomes such as cognitive development, education, adult health and adult socio-economic success.

### Priority Area: Kentucky Children's Health Insurance Program (KCHIP)

Children who are uninsured live sicker, use emergency services more often and have lower life expectancies than insured children. Kentucky Children's Health Insurance Program (KCHIP) is a state and federally funded program that provides health coverage to uninsured children who qualify. KCHIP covers a broad range of services from checkups to prescriptions, broken bones to booster shots, eyeglasses, hearing aids, dental care, hospital care, and behavioral health for children and families below 200% of poverty. KCHIP is essential to keep Kentucky's children healthy and insured.

- ? KCHIP enrollment has consistently increased since it started in 1998.
- ? Kentucky ranks 24<sup>th</sup> among states in percent of uninsured children.
- ? Approximately 51,000 children are enrolled in the KCHIP program and 305,000 children are enrolled in Medicaid.<sup>17</sup>

### Priority Area: Oral Health

Kentucky has implemented statewide fluoridation and we have added dental sealants as a state Medicaid benefit. However, Kentucky's child poverty rate is growing and access to dental care services is decreasing. This is significant because poverty has been found to be the main cause of tooth decay, including severe early childhood caries and the associated problems of pain and infection. The KCHIP program does provide limited dental care to children, but families still face difficulties in accessing dental care. Barriers to children's oral health care include: under-supported prevention services, inconvenient



hours of dental providers, transportation needs, inconvenient locations of dental services, KCHIP enrollment barriers, and lack of provider participation.

- ? *Kentucky's Oral Health Office in the Department of Public Health recently documented that 47% of 2-4 year olds in Kentucky suffer from early childhood caries (cavities). This is twice the national rate.*
- ? *Decreased dental care access may be due in part to the fact that only 40% of all licensed dentists in Kentucky billed Medicaid for services in 2001<sup>18</sup>.*
- ? *Oral Health America has given Kentucky an F for dental sealants because fewer than 11% of 8 year olds have dental sealants on their permanent molars.<sup>19</sup>*

### **Priority Area: Folic Acid Campaign**

The proper intake of vitamin B folic acid is essential to prevent neural tube defects in newborns. The Kentucky folic acid campaign addresses the high incidence of these defects in our newborns by providing public education, folic acid supplements, and nutritional counseling to women who are near childbearing age or in the early prenatal period.

- ? *Folic acid tablets and counseling are being provided at 8 state universities and 120 health departments.*
- ? *To date 176,580 women have received folic acid tablets and counseling.<sup>20</sup>*

### **Priority Area: Hearing Screenings and Eye Exams**

Hearing difficulties are the most common sensory birth defect and with proper screening they can be detected and treated early. Early detection assists in the child's development and school success. After the screenings, the families are tracked and offered additional services. The current requirement for a public school physical examination now includes an eye examination by an optometrist or ophthalmologist. Funds are available to assist children who are neither Medicaid nor KCHIP eligible and who do not have sufficient resources to pay for an eye exam.

- ? *99,149 newborns have been screened for hearing difficulties at all of the state's hospitals since 2001.*
- ? *1,262 children were found to be at risk for hearing difficulties already in 2003.<sup>21</sup>*
- ? *180 children have utilized the available funding for a comprehensive eye exam.*

## **As Kentucky's governor how can you ensure that children are healthy?**

**Extend KCHIP eligibility to 250% FPL.** There are thousands of families in Kentucky who cannot afford private health insurance for their children and earn too much to enroll in KCHIP. Expanding the KCHIP eligibility to include families earning 250% of the federal poverty level would catch these in-between uninsured children and provide them with the health care they need and deserve. Ten states have expanded health care coverage to include children in families earning between 200% to 350% of the federal poverty level.



**Help families obtain and keep health coverage through Medicaid and KCHIP.** This can be achieved by simplifying eligible families' enrollment, reducing administrative obstacles, and resisting cost sharing proposals that limit access to needed services. In 2002, Kentucky created barriers for families who want to enroll in KCHIP or Medicaid by requiring an eligibility interview. Kentucky is one of only three states that require this interview, which ultimately leads to a decline in enrollment.



**Encourage medical providers to enroll as Medicaid and KCHIP providers.** Participation of physicians and dentists is hampered by administrative billing hassles and low reimbursement rates. Solving the administrative barriers is not necessarily costly. Raising reimbursement rates should increase usage of preventive services and appropriate acute care services, thus lowering expenses for emergency room care and treatment of more serious illnesses.



## ENDNOTES

- <sup>1</sup> Children's Defense Fund. (January 2003) *Children in Kentucky Fact Sheet*. Available at: <http://www.childrensdefense.org/states/ky.pdf>
- <sup>2</sup> Communications Consortium Media Center Early Care and Education Collaborative; Available at: <http://earlycare.org/aboutece.htm>
- <sup>3</sup> Kentucky Division of Child Care; Available at: [http://cfc.state.ky.us/agencies/Comm\\_Base/Child\\_Care/index.asp](http://cfc.state.ky.us/agencies/Comm_Base/Child_Care/index.asp)
- <sup>4</sup> Kentucky Division of Child Care
- <sup>5</sup> Blank, H., Hart, K., Ewen, D., and Schulman, K. (April 2002). *State Developments in Child Care, Early Education, and School Age Care, 2001*. Children's Defense Fund.
- <sup>6</sup> Center for Budget and Policy Priorities. (2002). *State Income Tax Burdens on Low-Income Families In 2001*. Available at: <http://www.cbpp.org/2-26-02sfp.htm> and <http://www.cbpp.org/2-26-02sfp-ky.pdf>
- <sup>7</sup> National Women's Law Center. (2002). *Credit Where Credit is Due: Using Tax Breaks to Help Pay for Child and Dependent Care*.
- <sup>8</sup> Donahue, E.H. and Campbell, N. D. (April 2002). *Make Care Less Taxing: Improving State Child and Dependent Care Tax Provisions*. National Women's Law Center.
- <sup>9</sup> Kentucky Youth Advocates. (2002). *2002 County Data Book*.
- <sup>10</sup> Grunewald, R. and Rolnick, A. (2003). *Early Childhood Development: Economic Development with a High Public Return*. Available at: <http://minneapolisfed.org/pubs/fedgaz/03-03/earlychild.cfm>
- <sup>11</sup> January 8, 2003, Kentucky Cabinet for Health Services Press Release. Available at: [www.kidsnow.ky.gov](http://www.kidsnow.ky.gov)
- <sup>12</sup> KIDS Now. (December 2002) *Kentucky's Early Childhood Initiative Summary*.
- <sup>13</sup> *ibid.*
- <sup>14</sup> *ibid.*
- <sup>15</sup> The Communications Consortium Media Center Early Care and Education Collaborative. (1998) Available at: <http://earlycare.org/coloradopoll.htm>
- <sup>16</sup> The Policy Group for Florida's Families and Children. (2003). The Early Care and Education Collaboration Polling Data.
- <sup>17</sup> Kentucky Cabinet for Health Services
- <sup>18</sup> Kentucky Department for Public Health. (2001)
- <sup>19</sup> Oral Health America. (2001). *Filling the Gaps: Oral Health in America*. Available at: <http://www.oralhealthamerica.org/Oral%20Health%20Report%20Final1.pdf>
- <sup>21, 22</sup> KIDS Now. (December 2002). *Kentucky's Early Childhood Initiative Summary*.

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