



DEPARTMENT OF HUMAN SERVICES
Division of Child Care and Early Childhood Education



THE JOINT HOUSE AND SENATE EDUCATION INTERIM STUDY COMMITTEE OF
 THE 82ND LEGISLATIVE SESSION

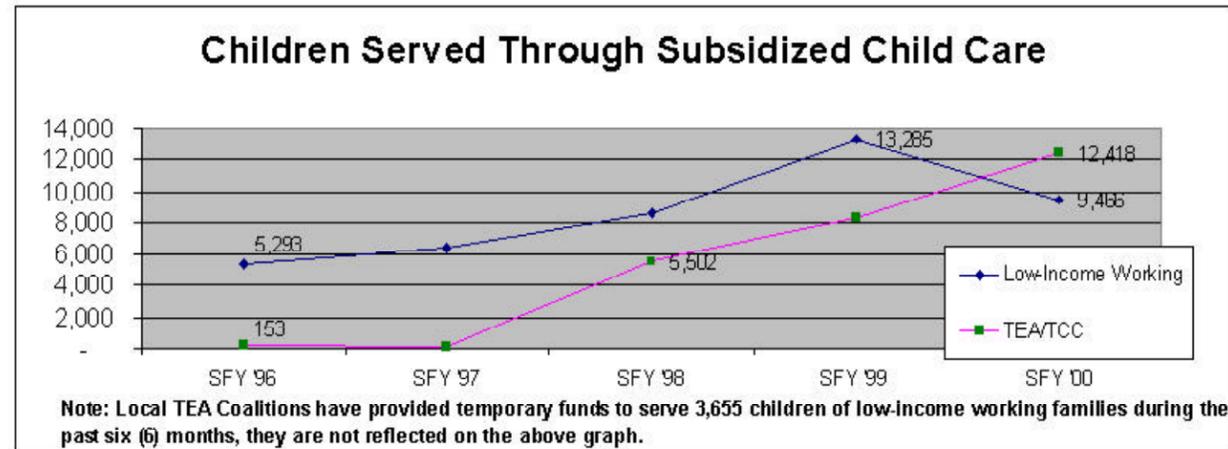
Children come into this world ready to learn. During the first five years of life they grow enormously in the areas of social-emotional, language, and cognitive skills. Improving early care and education is essential to the future of Arkansas economy and to the future school success of our children. Meeting the child care and early education needs of families is critical to economic growth, business growth and job retention. Quality child care is a workforce issue, a “quality of life” issue and a school success issue!

“We must enlist parents, businesses, public servants and faith-based community members in our efforts to sustain quality early care and education programs for the children of Arkansas.”
Governor, Mike Huckabee February 2000

THE COMMUNITIES SPEAK	THE CORPORATE LEADERS SPEAK
<p>In the Spring of 2000, Public meetings were held in sixteen separate communities to obtain current information from the local communities. Three hundred and thirteen individuals attended these meetings to voice their concerns about the Arkansas Early Care and Education System.</p> <p>Common themes were discussed at each of the meetings. The top five concerns voiced were:</p> <ul style="list-style-type: none"> •Need for funds to serve low-income working families on waiting list. •Increase provider reimbursement rates for voucher child care. •Provide incentives to increase the availability of Quality Approved child care programs. •Cost of child care for working parents. •Wage enhancement tied to professional development. 	<p>In February of 2000 Governor Mike Huckabee established the <i>Arkansas Corporate Champions for Children Initiative</i>. The group was commissioned with the charge to examine the current processes that serve as guidelines for child care in the state; to study, plan and rework procedures so burdensome regulations might be lifted; recommend tax credits for parents and employers and make recommendations to ensure parents confidence of their child’s safety and development during their early years. A report from this Commission was delivered to the Governor on August 29, 2000.</p> <p>Recommendations centered around:</p> <ul style="list-style-type: none"> •Securing stable funding for early care and education with an emphasis on affordability, availability and quality. •Expansion of the current statutes on tax credits/ incentives for employers to include parents and providers of child care services. •Establish the “Campaign for Quality Early Care and Education Foundation” as a unique public-private partnership to increase quality care. •Develop a public awareness campaign to encourage employer participation in early care and work-life initiatives.

1 WHO WE SERVE

The Division of Child Care and Early Childhood Education administers the Child Care Voucher program. Child Care services are provided to TEA and low income families who are working or in an educational program. Since 1997 there has been a tremendous increase in TEA clients and therefore a decrease in funds available to serve low-income working families. The Division experienced a 250% increase in children served during the past three years. But, due to capped funding a decision was made in September 1999 to stop adding new low-income working families into the system. As of September 2000, there are 4000 low income working families with children currently eligible and awaiting service with no permanent funding available. (A family of four with income of \$2,223.58 monthly would qualify for assistance.)

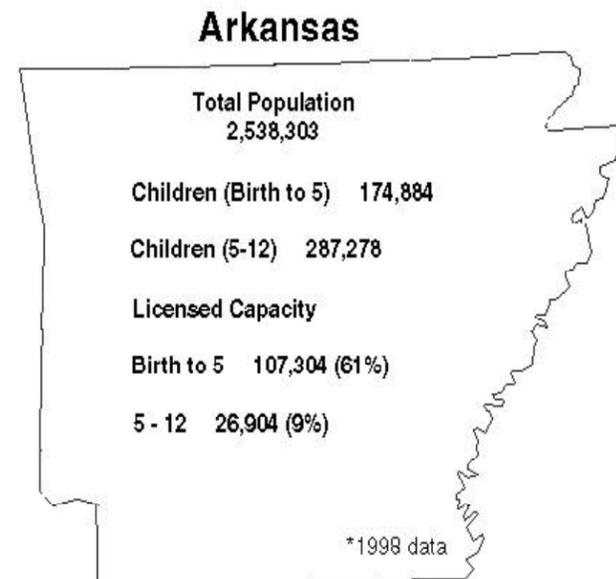


2 HOW WE SERVE THESE FAMILIES

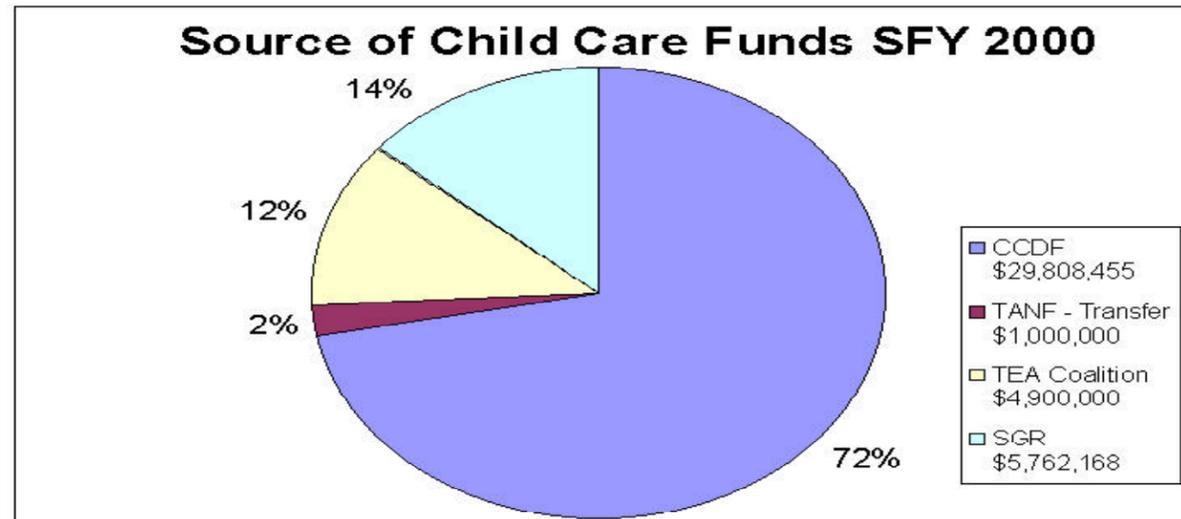
LIES Children are served in 3,211 licensed centers and registered child care family homes with a capacity of 134,208 children. Arkansas is one of only three states in the nation requiring three unannounced visits per licensed center and child care family home annually.

Quality Approved/Accredited programs have increased from 169 programs in 1996 to 364 programs in 1999. Currently 14% of the children in licensed care in our state are attending centers and homes which meet the Quality Approval/Accreditation standards.

Arkansas Better Chance Programs, a joint effort of the Division and the Department of Education serves 4,521 children in center based classrooms and 4,321 in the home-based program of HIPPPY or PAT. These programs offer opportunities for partnerships with Headstart, Community and School based programs.



3 HOW WE PAY FOR THESE SERVICES



4 POSITIVE CHANGES IN THE PAST THREE YEARS

The Division of Child Care and Early Childhood Education was established in August of 1997. During the past three years tremendous accomplishments have occurred that support providers, caregivers, early childhood professionals, and families with young children. The Division contains four major program areas, Licensing, Special Nutrition, Family Support, and Program Support. Each of these units working together have established programs and services which enhance the opportunity for expansion of quality care in our state. Specific program accomplishments include:

- Increase by 250% the number of children served in the child care voucher system from 1996 to 1999.
- Establishment of Arkansas Early Childhood Professional Development System, providing leadership and guidance in professional training and education for all early care professionals. Development of a professional registry to track training and approval of trainers.
- Increase in Child Development Associate Credentialed (CDA) staff from 168 in 1996 to 3,114 in 1999.
- Increase in use of internet for Child Care Resource and Referral services that allows parents to access information on the Internet from 171,003 visitors in 1998 to 311,396 in 99-00.
- Quality Approval/Accreditation of Early Childhood Programs increased from 169 in 1996 to 364 in 1999.
- Cooperative efforts between the Department of Education, the Head Start Collaboration office and the Division focus on the development of early literacy training for caregivers.
- Increased monitoring for registered child care homes.
- Developed resources to assist parents caring for young children in their own homes.
- Effective October 1, 2000, for-profit child care centers may participate in the Special Nutrition Program.
- Established a program to monitor all Division funds ensuring accountability to avoid fraud and abuse of funds.
- Collaborative efforts continue between Head Start, Child Care, Pre-Kindergarten, Education and Home-based programs.
- Secured \$4 million in TANF transfer on August 30, 2000 to continue to serve TEA and Transitional child care families.
- Establishment of the Provider Appeal Panel to hear licensing appeals.
- Development of "Employer Related" child care benefit book and "how to" kit for employers related to child care.
- Recommendations to Governor by *Arkansas Corporate Champions for Children Initiative*.

ARKANSAS

Our Challenge for the Future

Increase direct child care services for low-income working families. (Cost estimate: \$16.9 million to serve the 4000 families currently waiting for services. There is a possibility of \$9.8 million in new federal revenue to offset this cost estimate.)

Expand the Arkansas Better Chance program. (Cost estimate \$2.3 million annually for cost of living increase, \$1.2 million for expansion of new program sites.)

Increase provider reimbursement rate by 15%. (Cost estimate: \$4.2 million annually)

Establish a variable rate structure/tiered reimbursement. Initiate incentives and grants for programs meeting Quality Approval status. (Cost estimate: \$2.3 million annually)

Increase the refundable tax credit for parents using Quality Approved/Accredited child care programs by 10% increments over the next 3 years. (Cost estimate of annual decreased revenue: initial cost \$283,860 in 2001 and \$473,100 in 2003)

Establish demonstration projects for staff retention and professional development. (Cost estimate: \$1,747,200 annually)

Expand the current tax credits/incentives to include all child care programs, allowing a refund of gross receipts tax and compensating use tax paid on purchase of construction materials and furnishing used in initial construction and equipping of a quality approved facility. (Cost projection \$187,590 decreased revenue annually)

Expand the current income tax credits of \$5,000 first year income tax credit for a quality approved facility and a 3.9% credit (based on prior calendar year annual salary of the employees) for the second and each succeeding tax year for programs meeting quality approval status. (Cost projection: \$1.3 million annual decreased revenue)

Establish an Early Care and Education Foundation. A capped state match for all funds donated would be established through SGR or dedicated federal funds. (Cap set at \$1 million first year and \$2 million annually the second year)

Expand resources for parents caring for their own children through Parent Resource Centers, scholarships for early care conferences and possible tax credit options.

This report summarizes the information discussed during the House and Senate Education Committee's interim study. It serves as the foundation for action to improve the early care and education system in Arkansas.