

Testimony for the
Special Committee on Economic Recovery
September 17, 2020

Madam Chair and Members of the Committee,

It is my pleasure to offer testimony today in my role as the Executive Director of the Kansas Children's Cabinet and Trust Fund regarding the importance of high-quality early childhood care and education supports as a critical element for the economic recovery of our state.

Kansas was a pioneer in establishing a comprehensive system to support children's needs – as both the first state in the nation to establish a Children's Trust Fund in 1980, and the first state in the nation to devote our state share of the Master Tobacco Settlement funds towards meeting the needs of children and families with the statutory establishment of the Kansas Children's Cabinet & Trust Fund in 1999 (K.S.A. 38-1901 and 38-2101 through 38-2105). The Kansas Children's Cabinet is comprised of 15 members – 9 voting members appointed by legislative leadership (4 of 9 members) and the governor (5 of 9 members – no more than 3 of 5 from any one political party), and 6 Ex Officio members representing KSDE, DCF, KDHE, KBOR, Juvenile Justice and the Kansas Supreme Court.

Our statutory framework directs us to:

- Assist the governor in implementing a coordinated, comprehensive service delivery system to serve the children & families of Kansas
- Identify barriers to service and gaps in service due to strict definitions of boundaries between departments and agencies
- Facilitate inter-agency and interdepartmental cooperation toward the common goal of serving children & families by
 - Investigating & identifying methodologies for combining funds across agency & departmental boundaries
 - Proposing action to achieve coordination of funding & services across those lines
 - Encouraging & facilitating joint planning & coordination between public & private sectors
- Review, assess, & evaluate all uses of money in the Children's Initiatives Fund (CIF)
- Advise the governor & the legislature regarding the uses of moneys credited to the CIF
- Support the prevention of child abuse & neglect through the CIF

Exercising our statutory role, the Children's Cabinet is serving as the state lead for a collaboration between KSDE, DCF, and KDHE on the three-year federal Preschool Development Grant Birth-5 (PDG) implementation grant, amounting to \$8.9 million per year, subject to Congressional appropriation. In 2019, we used the initial one-year \$4.4 million PDG planning grant to conduct a comprehensive statewide Needs Assessment and create our five year *All In For Kansas Kids* Strategic Plan. Both of these reports are available on the Kansas Children's Cabinet and Trust Fund website for download and online viewing.

<https://kschildrenscabinet.org/all-in-for-kansas-kids/needs-assessment/>

<https://kschildrenscabinet.org/all-in-for-kansas-kids/strategic-plan/>

With a better understanding of the early childhood system, and the Needs Assessment and Strategic Plan in place to guide our decision-making, we have leveraged our strong cross-agency partnerships during the initial phases of the COVID-19 crisis to respond to family and provider needs. Children's Cabinet communication channels were repurposed to help communicate urgent guidance and information. Together, we have navigated the new and unique guidance coming out daily from multiple federal and state agencies.

However, we need to also look beyond COVID-19, define the future we want for Kansas and embrace innovation. Child care providers are small business owners. They provide a critical service to the Kansas workforce by providing safe, supervised, quality settings for children to be cared for while their parents report to work. We recognize gaps that must be addressed to meet the needs of families, child care providers, and our state's economy.

- **Child care costs.** Data suggest that child care costs account for 48% of income for single parents in Kansas who need infant and toddler care. An infant slot costs on average \$10,955 per year in center-based care and \$6,749 per year in family child care settings. (In comparison, the average cost of full-time tuition and fees for Kansas residents at the University of Kansas in 2019-2020 was \$11,166.)
- **Availability of care.** According to Child Care Aware Kansas, eighteen Kansas counties offer no openings for infants and toddlers at all. In 77% of Kansas counties, there are more than 10 children under age 3 needing care for each reported child care opening. ([Child Care Aware Kansas 2019 Child Care Supply Demand Report.](#))
- **Workforce sustainability.** Anticipated workforce shortages. A trained, supported workforce is key to building an equitable early childhood care and education system that meets the diverse needs of children and families. The early childhood workforce, especially the child care workforce, is highly experienced in Kansas. Per the [2018 Child Care workforce survey](#) (CCA-KS), 20% of child care center directors have been in the field for over 15 years, 39% of center lead teachers have been in the field for three to 10 years, and 56% of family child care providers have been in the field for more than 15 years. Turnover, particularly due to anticipated retirements, is a serious challenge as

45% of the family child care provider workforce is over the age of 50. The anticipated turnover of our child care provider workforce is of particular concern in rural and frontier counties where family child care providers are the primary option.

- **Workforce compensation and retention.** Despite a vast amount of experience, compensation and benefits are a significant area of concern. Per the [Early Childhood Workforce Index, 2018](#) (Center for the Study of Child Care Employment), Kansas is “stalled” in the areas of compensation and financial relief strategies for the early childhood workforce. The state does not have parity or a public funding earmark for salaries for early childhood care and education professionals in comparison to K-12 educators. There are more than 9,500 members of the early childhood care and education workforce in Kansas. For this group, compensation disparity is a real challenge, with median wages especially low for child care workers – \$9.25 per hour – compared to elementary school teachers at \$26.91 per hour.

Child care employees, in particular, are overworked and underpaid and do not receive adequate benefits. The average salary for center employees ranges from \$18,723 per year for assistant teachers to \$32,867 for directors. The average salary for a family child care owner is \$19,687. Part-time staff only receive insurance or retirement benefits about 10% to 12% of the time. Sick and vacation leave are the most prevalent benefit for part-time child care providers. However, sick and vacation leave are only available for about 30% of part-time and full-time providers. Full-time staff receive insurance or retirement benefits around 45% of the time. Sick and vacation leave is the most prevalent benefit for full-time staff but is only available to about 67% of them. A total of 15% of center employees receive no benefits (CCA-KS 2018).

- **Kansas business growth and development.** Recent research by the Center for American Progress says that across all provider types, 60% of child care programs are fully closed and not providing any care to children at the moment and many that have remained open have reduced slots or hours. ([Bipartisan Policy Center Study](#)). Child care is vital as a business and to other businesses, so that parents are able to work. When companies provide child care, employee absences decrease by up to 30% and job turnover declines by as much as 60% ([Hall, 2020](#)). Women are disproportionately impacted by availability of child care, and are at-risk to drop out of the workforce.

The science of early childhood, the [return on investment](#), and the critical role of early childhood to the Kansas economy have never been more clear. However, despite our increased understanding, we have not seen the magnitude of change that we want. We need to rethink our current models.

We propose a menu of options to address the business implications of a weakened early child care and education system, recognize young children as economic stakeholders and the future workforce, and explore innovative legislation as a model for economic recovery.

1. Explore the potential of Kansas legislation, passed in 2017 with strong bipartisan support, authorizing public benefit corporations, known as B-corps, as a new business model that could support the early childhood sector and businesses across the state. Kansas was the 31st state to adopt this model. This [article](#) provides an overview on the use of innovative corporate structures that are business- friendly and mission-focused.

Statute 17-72a01 – 17-72a09 enacted Law applicable to public benefit corporations. According to the statute, *the public benefit corporation must provide a public benefit— a positive effect, or reduction of negative effects, on one or more categories of persons, entities, communities or interests, other than stockholders in their capacities as stockholders, including, but not limited to, effects of an artistic, charitable, cultural, economic, educational, environmental, literary, medical, religious, scientific or technological nature.*

B-corps can direct new sources of private finance towards public benefit, give Kansas entrepreneurs more freedom from some of the restrictions of nonprofit organizations, and keep Kansas competitive to attract and retain business.

We are currently exploring other state examples of b-corps in the early childhood sector. The concept is relatively new and not widespread. Hailed as the first municipal model in the country, the [City of Irvine, CA](#) uses the structure to leverage municipal, private, and other funding sources to address the lack of child care slots in the city and enable operating flexibility.

2. Support Department of Commerce efforts to include child care in their program portfolio and use community tax credit programs to maximize early childhood investments.
3. Explore child care tax credits for parents to reduce the amount of their income that must be spent on child care.
4. Expand access to health care coverage for child care providers. Potential ideas include, but are not limited to, participation in co-ops for shared services and pooled benefits, eligibility for the early childhood workforce in the state employee health plan, and Medicaid expansion.

These are just a few examples of ways that this committee, and the Kansas legislature, can help the early childhood care and education sector recover from COVID-19, innovate and come out on the other side stronger than before.

Thank you for allowing me to testify today. I will, of course, be happy to stand for questions at the appropriate time.

