

APRIL 2009

UNDERPROTECTED, UNDERSUPPORTED: Low-Income Children at Risk



Dominique Apollon, Ph.D.
Victor Corral
Shannah Kurland

EXECUTIVE SUMMARY



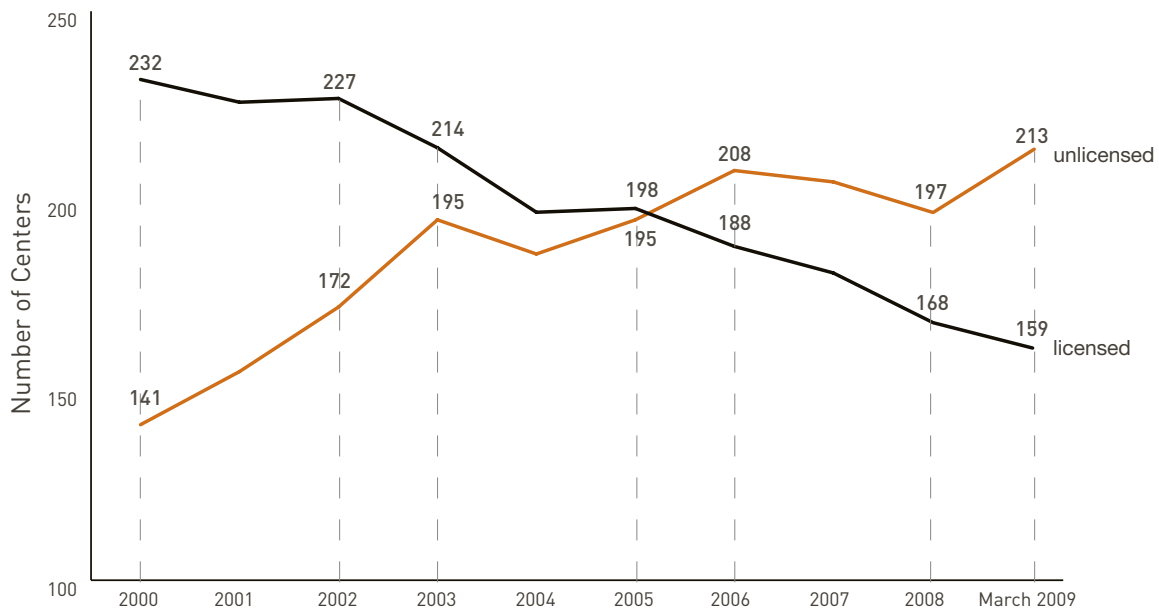
THE APPLIED RESEARCH CENTER CHILDCARE REPORT

EXECUTIVE SUMMARY

Underprotected, Undersupported: Low-Income Children at Risk is an Applied Research Center (ARC) investigative report that explores the effects of unlicensed care on the quality and safety of childcare available to low-income families. Although we focus our investigations and analyses on childcare centers in three states in particular (Alabama, California, and Maryland), it is a study with national implications. Based on federal and state government data and on interviews with dozens of advocates, providers and administrators from each of these three states as well as national players, we present the following **MAJOR FINDINGS**:

1. Alabama, which is among the most permissive of fourteen states that allow exemptions to some childcare centers from their minimum state childcare standards, simultaneously permits such “license-exempt” or unlicensed facilities to benefit from state childcare subsidies for low-income families. This needlessly jeopardizes the health and safety of low-income children and creates a double standard that places licensed providers at a financial disadvantage. While some unlicensed childcare centers are of excellent quality, the increasing numbers of unlicensed centers in the state include some with disturbingly unsafe and unhealthy practices. Few state or local public agencies, save one public health department in a large Gulf Coast county, have taken appropriate steps to monitor and enforce even basic health and safety standards in this expanding sector of the childcare industry.
 - The number of unlicensed centers that have Alabama’s blessing to ignore the state’s childcare standards and oversight has increased during this decade (from 628 in 2000 to 821 in 2009, a rise of 31%), while the number of licensed centers has steadily decreased (from 1429 to 1186, a drop of 17%).
 - The most stark example of the rise and fall, respectively, of unlicensed and licensed centers can be found in the state’s most populous county, Jefferson, which contains the city of Birmingham. In 2000, the county had 232 licensed centers and 141 unlicensed centers. By 2009, this ratio had almost completely inverted with 159 licensed centers, and 213 unlicensed centers.
 - The Mobile County Health Department has taken a courageous step to ensure the protection of all its children by imposing quarterly inspections upon *all* childcare centers regardless of “exemption status”.
 - By one estimate, the percentage of subsidized children being served in unlicensed centers in Alabama increased 151% between 1998-2007, while the number of children served in licensed centers increased only 49% during the same time period.
 - While none of Alabama’s sixty-seven counties contained as equal or greater number of unlicensed as licensed centers in 2000, as many as thirteen such counties existed in February of 2009.
2. States such as California that *do* contain uniform childcare standards for all childcare centers, but lack adequate funding and staffing for their oversight, render such standards essentially meaningless and place children’s health and safety at risk.
 - As the executive director of a Los Angeles-area resource and referral agency exclaimed, “Dog kennels get inspected more in California than childcare centers.”
 - Even with oversight standards that are amongst the most lenient in the nation (one inspection every *five* years), the California Community Care Licensing Division (CCLD)

Fig. 5: Jefferson County (Birmingham) Licensed Centers vs. Unlicensed Centers, 2000–2009



Source: Alabama Kids Count, Data Books. VOICES for Alabama's Children, 2000–2008 editions; Alabama DHR

has been unable to meet its goals according to the California State Auditor.

- Inadequate state funding of oversight has meant that California Licensing Program Analysts must complete an average of 20 physical inspections of childcare facilities per month. The staff-to-facility ratio of 1:256 is more than five times the benchmark set by leading national advocates like NACCRRA.
 - In Alabama, licensed providers argue that the Department of Human Resources fails to enforce the minimal state requirements, including annual records of fire and health inspections, which are imposed upon unlicensed, or so-called “license-exempt” centers.
3. In states such as Maryland that maintain and enforce uniform, basic health and safety standards for all centers, but do *not* have adequate subsidy levels to help low-income families afford high-quality care, thousands of low-income children go underserved. Licensed providers in Maryland, California, and Alabama all report increased challenges to their businesses and to the needs of low-income families during this time of economic crisis.
- Even in so-called childcare policy-leading states like Maryland, childcare advocates urge the expansion of eligibility for the subsidy program and for parental co-payment relief.

- Late subsidy payments from states such as California have real-life consequences for providers that predominantly serve low-income families. Some providers in the state report tapping into and maximizing personal lines of credit to stay afloat during state budget impasses, only to find themselves in foreclosure.
- Current childcare subsidy reimbursement rates make providing high-quality childcare almost impossible for providers, and falling childcare enrollments is causing some providers to layoff or avoid replacing workers.

The report concludes by arguing for the urgent need to:

- Abolish State Exemptions and Fund Transition Costs**
- Strengthen Licensing Requirements and Adequately Fund State Oversight**
- Improve Record-keeping and Transparency in State Government**
- Empower Parental Voices**

By taking these steps, policymakers and childcare advocates can go a long way to closing the gaps created by state licensing exemptions and by inadequate government oversight and subsidy funding. We must ensure that all low-income children are protected and given a true opportunity to develop their full potential during their critical, early years of life.

This report was funded by a grant through the Peppercorn Foundation.



APPLIED RESEARCH CENTER

Advancing Racial Justice Through Research, Advocacy and Journalism

California

900 Alice Street, Suite 400
Oakland, CA 94607
P: (510) 653-3415
F: (510) 986-1062

www.arc.org

New York

32 Broadway, Suite 1801
New York, NY 10004
P: (212) 513-7925
F: (212) 513-1367

Midwest

28 E. Jackson Bldg. #10-A924
Chicago, IL 60604
P: (312) 376-8234
F: (312) 922-6964