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**Senate HELP Committee Hearing**  
**Implementing the Child Care and Development Block Grant Act of 2014: Perspectives of Stakeholders**  
**June 15, 2016**

Good morning. I want to thank Chairman Alexander and Ranking Member Murray for setting aside time on the committee agenda to hold this hearing today. In addition, I particularly want to thank Senator Burr and Senator Mikulski for their leadership spearheading the Child Care and Development Block Grant through reauthorization. I know it wasn't easy. Anything that takes 18 years isn't. But, I so appreciate your efforts, your willingness to put partisan politics aside, and your dedication to making sure that children are safe in child care and that more children are in high quality care.

Last year, the North Carolina Child Care Coalition recognized Senator Burr for all of his efforts. I am proud to be from North Carolina and proud of the leadership on child care that Senator Burr has shown. Not just talking the talk as we say, but actually doing the walk. Senator Mikulski, I want to commend your dedication as well. We know without the partnership between the two of you, we would not be here today.

I have been in the child care field for 44 years. I have been the Executive Director of the Southwestern Child Development Commission for 28 years. My organization, a private, nonprofit agency, was created back in 1972, and is the only regional early childhood organization created through the Appalachian Regional Commission that still exists today. Our operating budget is about \$30 million, which includes about \$20 million in subsidy funding to assist nearly 4,500 children every month access quality child care.

At the local, regional and state level, the Southwestern Child Development Commission works to increase access to high quality child care. We do that by:

- helping families find child care, by helping them understand what to look for and what to ask,
- administering subsidies to low income families throughout 9 counties
- providing training and technical assistance to child care providers to help them become licensed, participate in North Carolina's quality rating system, or otherwise strengthen the quality of care
- sponsoring the Child and Adult Care Food Program (also known as CACFP) so that providers (both centers and child care homes) can offer and be reimbursed for nutritious meals and snacks, and
- operating 12 child care programs because quite frankly, in rural North Carolina there is a supply shortage of care.

Beyond the 13 counties in which we assist families, the Southwestern Child Development Commission is one of three agencies that together represent a council (which includes the Child Care Services Association in Raleigh and Child Care Resources Inc. in Charlotte) that oversees child care resource and referral activities throughout the state's 14 regions. Data for the most recent five months<sup>1</sup> shows that statewide, Child Care Resource & Referral Agencies have:

- Assisted 13,516 child care providers with training, technical assistance or other professional development services
- Offered 179 training sessions on a wide array of topics from emergency preparedness to North Carolina's Early Learning Guidelines – NC Foundations.

- Offered trainings throughout all 14 CCR&R regions on inclusion and working with children with special needs.
- Offered 94 trainings related to childhood obesity and encouraging healthy meals and physical activities and 20 workshops on family child care home pre-licensing
- Provided 4,252 preschool classrooms with onsite technical assistance visits
- Provided child care referrals to families on behalf of 8,148 preschool-age children (some regions report web-enabled referrals at year end while others do not – therefore, the actual number of referrals is higher than reflected)
- Provided child care referrals to families on behalf of 2,239 school-age children (some regions report web-enabled referrals at year end while others do not – therefore, the actual number of referrals is higher than reflected)
- Assisted families of 588 children with special needs with child care referrals
- Assisted 307 non-English speaking families with child care referrals, and
- All 14 regions are working to partner with local homeless shelters and community organizations to assist homeless families with children to access high quality child care

I am proud to be here today because I view the 2014 Child Care Reauthorization as historic. I am old enough and have been in the early childhood field long enough to fully appreciate how far Congress has come over the decades. I saw up close the need for child care assistance back in the 1970s and 1980s as more women were entering the workforce. I fought for enactment of the Child Care and Development Block Grant Act back in 1990. In 1996, as part of welfare reform, I fought to make sure that in consolidating the various child care funding streams, that assistance would be available for low income working families – not just families on welfare. And, then for 18 years after that, I worked to support reauthorization to promote the safety and healthy development of children.

Between 2010 and 2014, I was on the Public Policy Committee at the National Association of Child Care Resource and Referral Agencies, or NACCRRRA, currently doing business as Child Care Aware of America. During that time, we issued annual reports that reviewed state child care laws, selected 15 different health and safety measures, and scored and ranked the states. Since there were no minimum protections for children under CCDBG at the time, state laws varied widely. And, therefore, every year, Janet Singerman, the Executive Director of Child Care Resources Inc., in Charlotte and I met with our Members of Congress and staff about those reports and urged reauthorization. We supported the 2014 CCDBG Act because much of it reflects the basic recommendations from our reports.

Today's hearing is about the implementation of the new law and the perspectives of stakeholders. I am fortunate to live in North Carolina where we have long had a strong child care system. That doesn't mean perfect, but it does mean that we had many of the basic requirements called for in the new law already in place.

I understand that some states may have a greater challenge than others in meeting some of the new requirements. But, when it comes to protecting children, I believe Congress took the right approach. Protect children. Require accountability for public spending. Make sure that when families receive assistance, children have access to high quality care and some oversight to ensure that the rules are followed. It's common sense.

We've had decades of research about brain development during the earliest years. We've had evaluations of early learning programs over the years so that we know high quality programs make a difference, particularly for the school readiness of low income children. We also know from newspaper reports across the country over the years that bad things can happen without protections for children or oversight to ensure compliance or to promote quality improvement.

From a stakeholder's perspective, I see the new law as an opportunity for a new vision. It's taken several decades, but we can get this right. Child care continues to be a work support for parents. Absolutely. However, given the hours that children spend every week in child care, it is equally important to pay attention to the developmental needs of the child. And, that's what the new law is about – the combination to support parents and children.

**Background Checks:** North Carolina, as Senator Burr knows, already had a strong fingerprint-based background check system. So far this year, the NC Division of Child Development and Early Education has processed 25,487 criminal background checks. Of those, 469 individuals have been disqualified. The fact that 469 individuals who should not be in the business of providing child care have been screened out, is a good protection for children. I know not all states have a fingerprint-based background check system, but with livescan and digital devices today, it is possible, efficient, and can be done at a modest cost. It's time for states to figure out how to put that type of system in place.

North Carolina will need to figure out how to work with other states to check their child abuse registries for those who have not lived in the state for the past five years. We'll have to figure out how to work with other states to check criminal histories and the sex offender registry. I have confidence that this is not rocket science and we will figure it out. It's the right thing to do to protect children.

**Minimum Training.** According to the National Center on Early Childhood Quality Assurance, more than three-quarters of states require staff working in child care centers to complete some type of orientation training.<sup>2</sup> The number of annual training hours required for staff working in centers ranges from 3 to 30.<sup>3</sup> Twenty-eight states that license family child care homes require providers to complete some type of orientation training.<sup>4</sup> The number of annual training hours required for family child care home providers varies from 4 to 24.<sup>5</sup>

I support the minimum training requirements in the new law. There isn't an hourly requirement, but the requirement that there be an orientation training and that annual training should be progressive and related to the social, emotional, physical, and cognitive development of children is the right approach. It's not necessarily about the hours, but it is about the content. We know that the safety of the children and the quality of the program are directly related to the training and education of the staff. While some states may have a challenge in meeting the training requirements, I believe they are critical, at a minimum, for quality care. More would be required for high quality care.

**Inspections.** According to the National Center on Early Childhood Quality Assurance, all but 6 states require inspections for child care centers at least once a year.<sup>6</sup> Not all states require licensing for family child care homes, but of those that do (43 states), only 11 states do not require annual inspections of homes.<sup>7</sup>

North Carolina already requires annual inspections. The proposed regulations by the U.S. Department of Health and Human Services asked for comment about whether this requirement should apply only to those providers that care for children on subsidy or whether the requirement should be applied to the broader universe of licensed care (plus unlicensed providers who care for children on subsidy). I am part of a Child Care Resource & Referral Consortium that submitted comments on the proposed regulations in February. With regard to inspections, our comments included,

***“Universe Subject to Annual Inspections:** Annual inspections should apply to all licensed providers and unlicensed providers who receive subsidy (excluding relatives unless states choose to inspect them). If the inspection requirement is not broadly applied, it will create a two-tiered system which will have the effect of restricting parent choice. Also, if the inspection requirement is not systemic, it could have the effect of delaying subsidy availability to families as they wait for inspections to occur in order to receive their subsidy. In order for parents to have maximum choice among all providers, inspections should be*

*annual for all licensed providers and those who are not licensed who care for children receiving a CCDF subsidy.”*

As a subsidy administrator, I want to promote efficiency. I want to make sure that families can select child care and have their subsidy to use as soon as possible – not wait until an inspector has gone out to the property, which depending on the state and the caseload could seriously delay the receipt of subsidy. At a minimum, all licensed care should have an annual inspection. That way, parents would have maximum choice. In North Carolina, Child Care Resource & Referral Agencies sometimes work with child care programs that have been found to have licensing violations. We help them to correct those problems. For states that don't inspect, it doesn't mean that there aren't potential dangers for children, it just means that children are left to chance. We can do better than that.

To me, the real opportunity on inspections is that maybe there is a way to do them more efficiently and cost-effectively. As an operator of 12 programs in North Carolina, my programs receive several inspections every year – not just from child care licensing. With the new requirement under CCDBG, it could be an opportunity to convene the individuals from the various agencies that conduct inspections and figure out if there is a better way to conduct them. Rather than by funding stream, maybe there is a core set of safety requirements that could be shared by all, maybe there could be some cross-training, some sharing of data and coordination. I think there is likely room for improvement with regard to inspections in most states and the new CCDBG law is a good start (i.e., inspectors need to have training, basic competency, and a reasonable caseload).

### **12 Month Eligibility and Graduated Phase-Out of Assistance.**

To me, the new law is an opportunity for a new vision. Although North Carolina does many things right, there is still more we can do better.

We have a statewide tiered quality rating system where licensing is embedded at the lowest level, which means all programs are rated. If providers want to receive subsidy funds, they have to have at least a 3 star rating. Nearly three-quarters (73%) of children on subsidy are in 4 or 5 star care. On average, about 70,000 children throughout the state each month are assisted with a child care subsidy so that their parents can work, go to school, or participate in job training.<sup>8</sup>

At the same time, the waiting list statewide includes about 20,330 children. Because Work First (or TANF families) are given priority, the waiting list is comprised of low income working families who are not receiving Work First assistance. They are low income families with children and the wait for assistance can be 2 years or longer.

My agency is in a rural community. We don't have a waiting list. However, throughout North Carolina, 66 of our 100 counties do have a waiting list. For example, in Mecklenburg County, in the greater Charlotte area, 6,500 children receive assistance and nearly as many (5,275 children) are on the waiting list.

North Carolina currently has 12 month eligibility. However, until enactment of the CCDBG Act of 2014, some counties required recertification quarterly and some every six months. Therefore, although we have 12 month eligibility on paper, frequent recertification means that families do not actually receive assistance for 12 months. The recertification process leads to a churn in the caseload at a much earlier point in time (i.e., one family is terminated and another receives assistance). Sometimes that is because families move and they don't receive the paperwork. Sometimes that is because families do not understand the paperwork or they don't have it together to bring in the documentation that they need. Sometimes a modest increase in income can cause a family to lose assistance basically overnight.

Going to 12 month eligibility, similar to Head Start eligibility, without periodic recertification during the year, is better for the child. It promotes continuity of care and stability for families. Very rarely are families over-income. They are still working poor. However, as current families receive child care assistance longer, without additional resources, new families can't receive assistance. For counties with a waiting list, this is a challenge. I support 12 month eligibility. I am hopeful that additional federal dollars can be provided so that the churning of families is reduced. It just doesn't serve children well, which is at the heart of the new law.

The new requirement for graduated phase-out is related. Currently, when families exceed the income limit, nearly immediately, they lose assistance. North Carolina is in the process of allowing a 90 day graduated phase-out for families exceeding the state set income limits. That sounds like a short period of time. However, we will have that 90 day transition for families because of the new law. 90 days is better than immediate termination. Graduated phase-out will have a cost, however, I think it is the right policy for families.

There are no easy choices. In North Carolina, there are 458,136 children under age 6 with working parents. These children need to be somewhere while their parents work. Child care is expensive. In 2015, the average annual cost of center-based care for an infant was \$9,254 and the average annual cost of center-based preschool-age care was \$7,919. Many families, particularly those with more than one child, struggle with the cost of child care. Low income families struggle the most.

The poverty rate for families with children under age five in North Carolina is 20.4%. In my 13 county service area, the poverty rate for families with children under age 5 exceeds the state average in 10 counties. In Swain County, the poverty rate for families with children under age five is 41.3% -- more than double the state average.

And, it's worse for single mothers. In 8 counties in our service area, the poverty rate for single mothers raising children under age five exceeds the state average of 49.4%. In two counties, Swain and Clay, about two-thirds of these mothers with young children are living in poverty.

12 month eligibility and a graduated phase-out can help these families, particularly the children whose trajectory we can change with access to high quality care.

**Market Rate Survey.** Because the counties my agency serves in southwestern North Carolina have such high poverty, it is difficult for high quality programs to operate. Families can't afford the cost of high quality care and therefore, the economics based on private pay families doesn't work. I was thrilled to see the option in the new law for states to use an alternative cost methodology to set subsidy rates. A market rate survey measures only what the market currently bears – and in my counties, those rates are low. It's a measurement related to what parents currently pay but not what quality care would cost per slot. These are two very different measures. I want to thank the committee for including this option and I am hopeful that we might be able to use an alternative cost modeling approach in at least some pilot communities.

**Quality Set-Aside.** I want to thank you for increasing the quality set-aside. Theoretically, we could serve many more children if we didn't invest in activities to improve the quality of care, however, we would not be serving children well. The quality set-aside is really about building the infrastructure, the system that supports quality care. I often think about it as the roadmap that supports jobs and economic development. Parents of young children need child care in order to work. Children need a safe place to be and a setting that supports their healthy development. Quality child care doesn't just happen. It is built. And, it is built primarily through professional development of the workforce, which strengthens the quality of care that families can access. Investments in quality related activities help to ensure that the infrastructure within a community can support working families.

In North Carolina, there are so many innovative examples of the use of quality dollars. Training, technical assistance, our tiered quality rating system, our Infant Toddler Quality Enhancement Project, the T.E.A.C.H. program that in FY2015 enabled 2,563 early childhood teachers, directors, and family child care home providers in 98 of North Carolina's counties to further their education<sup>9</sup>, and the Child Care WAGES Project that provided salary supplements for 66 Pre-K teachers and 257 assistant teachers in 238 child care programs in 51 counties who all work in 4 and 5 star centers.<sup>10</sup>

## **Conclusion.**

The CCDBG Act of 2014 is the right policy at the right time. We have had 18 years to review state policy and practice, the neuroscience research about children's brain development during their earliest years, and evaluations of high quality programs. Meeting basic health and safety protections for children in child care should have been state policy over the years. In some states it was. In some states it was not. Children should be safe in child care regardless of the state in which they live. Knowing the long hours that many children are in child care, it is essential that we look at the developmental needs of children as well as their safety. There are some tough choices that many states may have to make. Sufficient resources to fund implementation are essential. I would like to serve more families. I would like to help strengthen the workforce so that high quality care can be available in every community. At a minimum, we need to ensure that the children in families who do receive assistance are safe and in a setting that promotes their healthy development. I fully support the new law and I am looking forward to working within North Carolina to help make implementation successful.

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<sup>1</sup> FY16 Five Month Report, July 1, 2015 – November 30, 2015, North Carolina Child Care Resource & Referral Council, Child Care Resource & Referral Core Services.

<sup>2</sup> Research Brief #1: Trends in Child Care Licensing Regulations and Policies for 2014. National Center on Early Childhood Quality Assurance (November 2015).

[https://childcareta.acf.hhs.gov/sites/default/files/public/center\\_licensing\\_trends\\_brief\\_2014.pdf](https://childcareta.acf.hhs.gov/sites/default/files/public/center_licensing_trends_brief_2014.pdf)

<sup>3</sup> Ibid.

<sup>4</sup> Research Brief #2: Trends in Family Child Care Home Licensing Regulations and Policies for 2014. National Center on Early Childhood Quality Assurance (November 2015).

[https://childcareta.acf.hhs.gov/sites/default/files/public/315\\_1511\\_fcch\\_licensing\\_trends\\_brief\\_2014\\_final\\_508\\_0.pdf](https://childcareta.acf.hhs.gov/sites/default/files/public/315_1511_fcch_licensing_trends_brief_2014_final_508_0.pdf)

<sup>5</sup> Ibid.

<sup>6</sup> Research Brief #1: Trends in Child Care Licensing Regulations and Policies for 2014. National Center on Early Childhood Quality Assurance (November 2015).

[https://childcareta.acf.hhs.gov/sites/default/files/public/center\\_licensing\\_trends\\_brief\\_2014.pdf](https://childcareta.acf.hhs.gov/sites/default/files/public/center_licensing_trends_brief_2014.pdf)

<sup>7</sup> Research Brief #2: Trends in Family Child Care Home Licensing Regulations and Policies for 2014. National Center on Early Childhood Quality Assurance (November 2015).

[https://childcareta.acf.hhs.gov/sites/default/files/public/315\\_1511\\_fcch\\_licensing\\_trends\\_brief\\_2014\\_final\\_508\\_0.pdf](https://childcareta.acf.hhs.gov/sites/default/files/public/315_1511_fcch_licensing_trends_brief_2014_final_508_0.pdf)

<sup>8</sup> North Carolina Department of Health and Human Services, Division of Child Development and Early Education, March 2016 CCDF Expenditure Report.

<sup>9</sup> T.E.A.C.H. Early Childhood Annual Report, July 1, 2014 – June 30, 2015, Child Care Services Association.

[http://www.childcareservices.org/wp-content/uploads/2013/11/TEACHAnnualReport14\\_15\\_FINAL.pdf](http://www.childcareservices.org/wp-content/uploads/2013/11/TEACHAnnualReport14_15_FINAL.pdf)

<sup>10</sup> Child Care WAGES Project, Statewide Final Report, FY2015, Child Care Services Association.

[http://www.childcareservices.org/wagesapps/StatewideFinalFY15\\_Full.pdf](http://www.childcareservices.org/wagesapps/StatewideFinalFY15_Full.pdf)