

Members

Rep. William Crawford, Chairperson
Rep. Mary Kay Budak
Sen. Teresa Lubbers
Sen. Rose Antich
Ellen Clippinger
Cheryl A. Seelig
Sven Schumacher
Kimberly Tracy Armstrong
Donald Amos
Nathan Samuel
Marsha Hearn-Lindsey
Barb Schuck
Carol Johnson
Sharon Pierce



BOARD FOR THE COORDINATION OF CHILD CARE REGULATION

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MEETING MINUTES¹

Meeting Date: August 31, 1999
Meeting Time: 10:00 A.M.
Meeting Place: State House, 200 W. Washington
St., Room 233
Meeting City: Indianapolis, Indiana
Meeting Number: 1

Members Present: Rep. William Crawford, Chairperson; Rep. Mary Kay Budak; Sen. Teresa Lubbers; Sen. Rose Antich; Ellen Clippinger; Cheryl A. Seelig; Sven Schumacher; Donald Amos; Nathan Samuel; Marsha Hearn-Lindsey; Barb Schuck; Carol Johnson.

Members Absent: Kimberly Tracy Armstrong; Sharon Pierce.

I. Call to Order

Representative Crawford, Chairperson, called the meeting to order at approximately 10:00 a.m. and committee members introduced themselves. Representative Crawford requested LSA staff to read the Committee's statutory charge. The Committee's charge includes a study of the following topics:

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

- (1) The need for changes in the scope and degree of child care regulation established by statute or rule, or both.
- (2) The need to reorganize governmental units involved in the regulation of child care facilities to promote effective and efficient child care regulation, including the form that a needed reorganization should take.
- (3) A method for the completion of a statewide needs assessment to determine the availability and projected need for safe and affordable child care.
- (4) The need for programs to meet the needs of Indiana residents if the board determines that safe and affordable child care facilities are not available and easily accessible to Indiana residents.
- (5) The effect of pending and enacted federal legislation on child care in Indiana and the need for statutory changes to qualify for federal child care grants and to comply with federal child care requirements.

II. Expert Testimony

A. Ms. Lauren Polite, *Legislative Liaison, Family and Social Services Administration (FSSA)*, testified to the following:

Funding

- On August 30, 1999, Governor O'Bannon announced that an additional \$39.7 million in TANF (Temporary Assistance to Needy Families) savings would be available for Indiana's working families that are in need of child care.
- Subsidized child care in Indiana is primarily funded through three sources of funds: (1) The Child Care Development Fund (CCDF); (2) Indiana's TANF block grant; and (3) the Social Services Block Grant (SSBG).
- Statewide child care expenditures have more than doubled between 1997 and 2000. (Following the Governor's announcement on August 30, 1999.)
- Indiana has gained access to additional state appropriations that will allow more access to additional federal funds in 2000 and 2001.

Waiting Lists

- As of the end of June 1999, 10,809 Indiana children were on waiting lists across the state. The \$39.7 million made available by Governor O'Bannon on August 30, 1999 will virtually eliminate the waiting list as it existed at the end of June 1999.

Availability of Subsidized Day Care

- In general, there are an adequate number of providers to serve the number of children in need of care; however, the degree of adequacy varies by geography and the age of the child.
- As of the end of July 1999, there were 588 licensed child care centers, 83 licensed head start centers, and 3,298 licensed home child care providers.
- The capacity of licensed child care homes and centers has increased by approximately twenty-four percent (24%) between July 1994 to July 1999.
- The Step Ahead Council is available to identify issues of inadequate supply of care and those issues are to be addressed by the Resource and Referral agencies.

Ms. Polite submitted the following handouts which describe her testimony more fully and also provide additional information: (1) Fact sheet on child care (Exhibit #1); (2) Press release from the Office of the Governor (Exhibit #2); (3) Chart for statewide child care expenditures (Exhibit #3); (4) CCDF program waiting list breakdown by county (Exhibit #4); and (5) Indiana Head Start data from 1997-1998 (Exhibit #5).

B. Courtney Tobin, *General Counsel, Indiana Development Finance Authority*

(IDFA), testified as follows regarding HEA 1985 (P.L. 227) which passed during the 1999 legislative session:

- ❑ HEA 1985 made changes to two existing programs as a way to increase the number of slots at child care facilities as well as to increase the number of child care facilities. HEA 1985 works with private lenders to provide financing to child care providers.
- ❑ The Capital Access Program (CAP) loan is a way to make the lender and the borrower feel more secure about a loan by establishing a loan reserve fund for each bank. The fund consists of a contribution (1.5% to 3.5% of the value of the loan) from the lender, the borrower, and IDFA which can be accessed if the borrower defaults on a loan.
- ❑ HEA 1985 allows the IDFA to triple its contribution to the loan reserve fund when the borrower is a licensed child care facility which in turn makes the loans more attractive to the lender.
- ❑ HEA 1985 also allows the IDFA to issue bonds for building child care facilities.
- ❑ IDFA is currently working with the Community Bankers Association to facilitate relationships in rural communities.

Ms. Tobin presented the following handouts to the Committee: (1) Summary of the new financing tools for child care facilities (Exhibit #6); (2) List of members on the child care facility financing task force subcommittees (Exhibit #7); and (3) Child care facility financing round table meeting schedule (Exhibit #8).

C. *Michelle Study, Program Associate, IDFA*, reported the following with regard to the marketing of the CAP program:

- ❑ IDFA has a two-pronged campaign in place to inform banks and child care facilities of the CAP program, and is also working with the Community Bankers Association and has put articles and interviews in the *Hoosier Banker* publication.
- ❑ Two (2) CAP loans have been approved since the passage of HEA 1985.
- ❑ IDFA is creating a comprehensive child care manual which will cover information such as assessment of the need for centers and financing. IDFA is also sponsoring informational forums throughout the state for banks, child care centers and for people who are interested in opening a child care facility.

D. *Carol Stein, Manager Child Care Quality, FSSA*, reported the following information with regard to the CAP program:

- ❑ Only thirty percent (30%) of children with working parents have access to licensed child care. The goal is to increase this number to fifty percent (50%).
- ❑ Another goal is to invest in underserved areas. Resource and Referral will do an analysis to determine what areas are not being served.

Committee Questions

Senator Antich commented on the numbers provided for Porter and Lake County on the waiting list handout from FSSA (Exhibit #4). Representative Crawford requested that FSSA provide a breakdown by county of the number of children *receiving* services. Senator Lubbers commented on the apparent discrepancy between Lake and Marion County waiting list numbers (Exhibit #4). Jim Hmurovich, FSSA, said he would supply the Committee with more information to explain the discrepancies in the reported waiting list numbers. Representative Crawford requested that FSSA supply this information for each quarter of 1999. In further explaining why the numbers may be so different, Jim Hmurovich

reported that in 1995, the General Assembly suggested that decisions regarding how funds are spent should be locally driven whenever possible. He said that the local Step Ahead Council generally works with each county to make decisions, and local plans often require different standards in each county.

Senator Antich questioned whether the public is aware of the availability of child care assistance programs. She gave an example of a hospital that did not know about the CHOICE program. Representative Budak suggested that this information is available. Jim Hmurovich said FSSA will, at a later time, show how these services are marketed.

Senator Lubbers stated that FSSA needs to provide documentation supporting the premise that more money is needed for child care assistance due to welfare reform. Jim Hmurovich said the \$39.7 million is only available for families who are working. He said FSSA will get more information for the Committee to show this correlation.

Representative Budak wanted to know how much of the \$39.7 million will be spent on case workers and training. In response, Jim Hmurovich said about 260 workers have been reclassified as child welfare workers, and training costs have doubled. Representative Crawford asked whether the working poor are primarily the persons on the waiting list. Jim Hmurovich responded that the working poor are primarily those on the waiting list, and he stated that to qualify for subsidized care, the upper limit at the federal level is eighty-five percent (85%) of the state median income (or \$42,000 for a family of four), and that the upper limit at the state level is \$24,000 for a family of four.

With regard to the issue of the availability of subsidized day care, Senator Lubbers asked whether Indiana has an adequate number of child care providers. Jim Hmurovich stated that the number of child care centers has been about the same for the past few years. Representative Crawford requested that FSSA provide more information at the next Committee meeting on the growth of need for more child care providers.

Representative Budak commented on how she is trying to start up a child care center in LaPorte, Indiana, and how funds are very difficult to get even though there is a need for funding. In response, Lauren Polite said that it is difficult to get information on whether people can find adequate day care with respect to child care facilities that are not seeking subsidies. Representative Crawford asked Lauren to clarify what the Step Ahead Council's role is. She said Step Ahead defines child care need, and Resource and Referral looks into that need. Representative Crawford requested that FSSA provide the Committee with information on whether "waiting list" means the same thing in each county, whether there are any Title 20 waiting lists, and the types of facilities that people are choosing.

In response to the testimony by IDFA's witnesses, Senator Lubbers asked whether the marketing of the CAP program is directed at increasing the capacity at child care centers. Michelle Study responded that, with respect to licensed child care centers, that is the marketing strategy. Senator Lubbers raised the point that it would not be good policy to flood the market with new providers and put current providers out of business. She questioned whether there is a genuine need and suggested that IDFA look into this issue so that lenders implement the program only where the need exists.

III. Committee Discussion

Representative Crawford took suggestions from the Committee members on topics they would like to potentially discuss in future meetings. It was suggested that Jim Hmurovich

testify on how therapeutic foster care is working out. Sven Schumacher suggested that federal law regarding seclusion and restraint be discussed with respect to residential child care providers. Cheryl Seelig suggested that the Committee review the definition of "therapeutic foster care" as well as the hourly training requirements. She also recommended that the Committee discuss before-school and after-school child care programs with respect to licensure requirements.

Representative Crawford requested that LSA staff poll the Committee members and decide on a date for the next meeting. The meeting was adjourned at approximately 11:45 a.m.