



**Improving Policies and Addressing  
Regulatory Barriers to Grow  
and Support Tennessee's  
Child Care Industry**



# TACIR Publication Policy

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## **Improving Policies and Addressing Barriers to Grow and Support Tennessee's Child Care Industry**

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January 31, 2025

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Lieutenant Governor and Speaker of the Senate

The Honorable Cameron Sexton  
Speaker of the House of Representatives

Members of the General Assembly  
State Capitol  
Nashville, TN 37243

Ladies and Gentlemen:

Transmitted herewith is the commission's report on its study of child care in Tennessee as requested by Public Chapter 934, Acts of 2024, which directed the commission to study the characteristics and conditions of child care workers in Tennessee and explore the feasibility of expanding incentives and financial support programs for early childhood educators, and Public Chapter 938, Acts of 2024, which directed the commission to identify laws, regulations, and rules that impose costs, financial burdens, or operating delays on child care business owners or prospective owners and evaluate whether some of these barriers may not be necessary to protect the health, safety, and welfare of children and the community.

The report makes several recommendations: the Department of Human Services (DHS) should reestablish regular regional meetings with child care providers and staff from the State Fire Marshal's Office (SFMO) and align its licensing requirements for before- and after-school programs operated by non-school entities in schools with Department of Education requirements for programs run by schools; the SFMO should coordinate inspections of new child care facilities with local fire officials; local governments should align building and fire codes with state standards wherever appropriate and align zoning for child care businesses with zoning for schools and churches; the state should develop a program like Child Care WAGE\$ Tennessee to reward workers for years of service; child care providers should be given the same opportunity as public charter schools to purchase or lease school districts' underutilized or vacant properties; and the General Assembly should eliminate state and local business taxes for child care businesses while offsetting lost revenue.

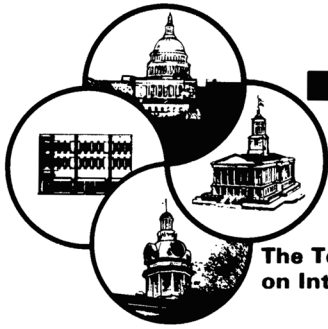
The commission approved the report on January 31, 2025, and it is hereby submitted for your consideration.

Respectfully yours,

Senator Ken Yager  
Chairman

Cliff Lippard  
Executive Director





# TACIR

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## ***MEMORANDUM***

**TO:** Commission Members

**FROM:** Cliff Lippard  
Executive Director

**DATE:** 31 January 2025

**SUBJECT:** Public Chapters 934 & 938, Acts of 2024 (Child Care Business Regulations & Workers)—Final Report for Approval

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The attached commission report is submitted for your approval. It was prepared in response to Public Chapter 934, Acts of 2024, which directed the commission to study the characteristics and conditions of child care workers in Tennessee, and to explore the feasibility of expanding incentives and financial support programs for early childhood educators; and Public Chapter 938, Acts of 2024, which directed the commission to identify laws, regulations, and rules that impose costs, financial burdens, or operating delays on child care business owners or prospective owners, and to evaluate whether some of these barriers may not be necessary to protect the health, safety, and welfare of children and the community.

Pursuant to the General Assembly's study requests, commission staff moderated six online focus groups, conducted more than 45 interviews, and conducted an online survey of child care directors and owners to find out about their experiences, the children they serve, and their employees—364 responded. Staff reviewed the December 2022 Tennessee Child Care Task Force Final Report. The commission also hosted a panel discussion on child care at its September 2024 meeting.

Staff added information to the report that was requested by members at the last meeting. Mayor Waters said that it's harder for small businesses to invest resources in child care than it is for major corporations like Tyson, and asked staff for any examples of collaborative organizations in other states where small businesses can come together to provide child care for employees. Staff added information about an example from

North Dakota. Senator Yarbro asked for the final report to provide options utilizing the Child Care and Development Fund (CCDF) to conduct cost analysis to establish reimbursement rates and expand shared services to reduce providers' operating costs. Staff added a section about options within the CCDF to use cost analysis and added a paragraph about Vice Chairman Brooks and Mayor Anderson's suggestion that tax credits might be a way to help companies provide child care. The findings and recommendations from the draft report remain unchanged.

- Stakeholders told commission staff more opportunities are needed for providers to share feedback with the Department of Human Services (DHS) staff regarding enforcement of rules and regulations by its staff and that building code and fire safety requirements are frequently the source of confusion and delay during the pre-licensing process. **The commission recommends DHS reestablish regular regional meetings with child care providers (in-person with the ability for virtual participation) – and include staff from the State Fire Marshal's Office. The commission also recommends DHS align its licensing requirements for before- and after-school programs operated by non-school entities in schools with the Department of Education requirements for programs run by the schools themselves.**
- Annual inspections of existing facilities do not create unmanageable logistical challenges, according to child care operators, but the process of obtaining state and local approvals for new facilities has been leading to confusion and delays in some jurisdictions. **The commission recommends the State Fire Marshal's Office invite local fire marshals' offices to conduct their initial inspections and any follow-up inspections at the same time on the same day as the SMFO's inspections.**
- There can be a lengthy gap between pre-licensing approval by the SFMO and approval for occupancy by the local fire marshal. This can delay the opening of new facilities. **The commission recommends local jurisdictions ensure their pre-occupancy inspections are coordinated with state pre-licensing inspections.**
- Because of the differences in community needs across the state, effective solutions are likely to be those that are locally tailored rather than state driven. But when faced with a shortage of child care providers in their community, local planning officials should consider how their zoning ordinances restrict opportunities for child care businesses. **The commission recommends local governments align zoning for child care businesses with zoning for schools and churches.**



- As with zoning, state preemption of local codes would not account for differences among communities. But when looking for opportunities to facilitate access to child care in their communities, local officials should take into consideration the effect of local codes, especially when they are more restrictive than state standards. **The commission recommends local governments align building and fire codes with state standards wherever appropriate.**
- Along with barriers resulting from regulations and rules, one of the greatest challenges facing child care business owners is difficulty hiring and retaining workers. Owners are often frustrated that they can't afford to increase low wages or offer more benefits because many Tennessee families can't afford to pay higher prices for child care. To support the child care workforce and to incentivize commitment to a career in child care, **the commission recommends the state develop a program like Child Care WAGE\$ Tennessee to reward workers for years of service.**
- The building, leasing, and purchase of facilities to be used for child care can be expensive. Real estate is especially expensive in Tennessee's most rapidly growing communities and appropriate facilities can be difficult to find. Other education-sector entities, in particular public charter schools, have encountered similar issues. Because child care operators might also benefit from priority access to these types of surplus properties, **the commission recommends the General Assembly amend Tennessee Code Annotated, Title 49, Chapter 6, Part 20 to give child care providers the same opportunity as public charter schools to purchase or lease the LEA's underutilized or vacant properties.**
- Cutting taxes for child care businesses would allow them to direct more resources toward staff and other expenses. The commission recommends **the General Assembly eliminate state and local business taxes for child care businesses and offset the loss in revenue to local governments by providing them with a base amount of funding annually equal to what they received in local business tax revenue from child care providers in fiscal year 2023-24.**



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## Summary and Recommendations: Improving Policies and Addressing Regulatory Barriers to Grow and Support Tennessee's Child Care Industry

There are approximately half a million children under the age of six in Tennessee. For more than 300,000 of them, all parents or guardians in their family are in the labor force—either employed or looking for work. Access to safe, reliable, affordable child care is critical for working parents to seek opportunities to support their growing families. In general, the child care arrangements families choose fall into one of two categories: informal arrangements involving relatives or friends and formal arrangements at a state-licensed child care facility or state-certified school. Disruptions in child care—for whatever reason, whether because an informal arrangement has fallen through or because a more formal option isn't available—lead to absences from work and can result in individuals leaving or losing their jobs; more than one in six unemployed Tennesseans say that caring for children is the reason they are not working. Moreover, companies looking to locate or expand in Tennessee cite the availability of child care as a deciding factor in whether to proceed with their plans. Lack of access to affordable, quality child care, therefore, isn't just a problem for individual families; instead, it is a problem for communities and the state as a whole. Child care is essential for maintaining and growing Tennessee's workforce and for economic development.

While both the private and public sectors recognize the importance of child care and have taken steps to increase its availability, barriers to opening, maintaining, and expanding licensed child care businesses remain—child care business owners and other stakeholders have expressed frustration with these barriers:

- State and local regulations are one area where some stakeholders have said there might be opportunities for improvements that would help child care businesses. Public Chapter 938, Acts of 2024, directed the Tennessee Advisory Commission on Intergovernmental Relations to identify laws, regulations, and rules that impose costs, financial burdens, or operating delays on child care business owners or prospective owners, and to evaluate whether some of these barriers may not be necessary to protect the health, safety, and welfare of children and the community.
- Difficulty hiring and retaining workers is another challenge facing child care businesses. To address these problems, Public Chapter 934, Acts of 2024, directed the commission to study characteristics and conditions of child care workers in this state, and to explore the feasibility of expanding incentives and financial support programs for early childhood educators.

Child care is essential for maintaining and growing Tennessee's workforce and for economic development, but the lack of access to affordable, quality child care is a problem for communities across the state.

Governments have a responsibility to ensure that child care providers operate safe facilities where children can develop and grow, and many regulations have been adopted in response to incidents where children were injured or killed.

Pursuant to these study requests, commission staff conducted six focus groups and over 45 interviews. They attended the Southwest Tennessee Development District's Childcare and Industry Workshop, and they conducted an online survey of child care directors and owners to find out about their experiences, the children they serve, and their employees—364 child care directors and owners responded. Staff reviewed the December 2022 Tennessee Child Care Task Force Final Report. The commission also hosted a panel discussion on child care at its September 2024 meeting.

This stakeholder outreach and additional commission research underscored the difficulty in identifying broad-based solutions for the problems faced by the child care sector in Tennessee. For example, although more than 60% of survey respondents did not report a significant problem with either state or local regulations, some regulations do appear to be limiting or impeding child care businesses. But governments have a responsibility to ensure that child care providers operate safe facilities where children can develop and grow, and many regulations have been adopted in response to incidents where children were injured or killed. Similarly, compensation in the industry is notoriously low—one in 10 child care workers have incomes below the poverty line. But labor is among the primary operating costs for child care businesses, and owners are often frustrated they can't afford to increase wages or offer more benefits because many Tennessee families simply can't afford to pay higher child care costs.

Although a global solution doesn't exist, the commission has identified several

- areas where cooperation and coordination between state and local government and child care operators could be beneficial;
- modifications that could be made to some state and local regulations that are unlikely to decrease the health, safety, and welfare of children and the community; and
- opportunities to improve compensation for and encourage the retention of child care workers and increase state support for child care businesses.

### ***There are opportunities to reduce barriers at the state level.***

There are opportunities for the state agencies that oversee child care providers in Tennessee to improve services, streamline processes, and better align policies in ways that lower barriers to opening and expanding facilities and reduce operational burdens on child care providers. Child care facilities and programs in Tennessee are governed by two state agencies. The Tennessee Department of Human Services (DHS) is responsible for ensuring the availability and quality of non-school-based for-profit and nonprofit child care. To this end, DHS promulgates rules, regulations,

and policies; licenses child care businesses; and, in response to federal requirements, implements a quality rating system for child care agencies. DHS is also the agency responsible for the state's payment assistance certificate program, directing reimbursements to child care providers who accommodate children from low-income families.

The Tennessee Department of Education (DOE), Office of Early Learning is responsible primarily for governing early childhood education programs and school-age before and aftercare programs in public and private schools. Responsibilities include care for children ranging from six weeks to four years of age in child development labs in high schools; employee child care for children of teaching staff; pre-kindergarten programs—including Voluntary Pre-K, some Head Start, Title 1, and Early Childhood Special Education classrooms; and non-public school child care.

Other state agencies play supporting roles in regulating child care. The State Fire Marshal's Office (SFMO) is responsible for reviewing child care building plans, pre-licensing fire safety inspections, and annual fire inspections for purposes of DHS licensing. The SFMO is responsible for reviewing school building plans, pre-certification fire safety inspections for new schools, and annual fire inspections for DOE (unless the local jurisdiction conducts the annual inspection). And the Tennessee Department of Health conducts annual inspections for compliance with state sanitation and safety requirements.

**Regular regional meetings including DHS staff, child care providers, and State Fire Marshal's Office staff could be beneficial.**

In focus group discussions and interviews, child care directors and other stakeholders said more opportunities are needed for providers to share feedback with DHS staff. They said DHS had held regional meetings in the past to educate providers about rules and regulations, and DHS would benefit from feedback regarding enforcement of rules and regulations by its staff and confusion among providers. Stakeholders told commission staff that building code and fire safety requirements are frequently the source of confusion and delay during the pre-licensing process.

**For these reasons, the commission recommends that DHS reestablish regular regional meetings with child care providers (in-person with the ability for virtual participation)—and include staff from the State Fire Marshal's Office.** DHS has agreed to reestablish these meetings and the SFMO has agreed to participate.

Stakeholders told commission staff that building code and fire safety requirements are frequently the source of confusion and delay during the pre-licensing process.

Before- and after-school programs located in schools but operated by outside agencies (such as the YMCA) must pass an additional fire code inspection before opening, but those operated by the school in the same building do not.

### **Requirements for fire inspections for before- and after-school programs in schools vary.**

Regulation of extended care programs for school-age children located in public or private schools depends on whether those programs are administered by the school or an outside entity. With few exceptions, in-school programs administered by public or private schools are approved and monitored by DOE, but in-school programs administered by outside entities are licensed by DHS. DHS licensing requires an additional fire inspection for the portions of a school used for new before and after-school programs. As a result, before- and after-school programs located in schools but operated by outside agencies (such as the YMCA) must pass an additional fire code inspection before opening, but those operated by the school in the same building do not. This can lead to delays in getting approval for programs run by outside agencies and, therefore, prevents these programs from serving families.

Given that (a) these school buildings have already been deemed safe enough to house the same age-range of children during their regular school day and (b) the buildings would be deemed safe enough to house the same children in a before- and after-school program if that program were run by the school, it seems reasonable that the state should align the fire code requirements so that programs operated by outside agencies in these schools don't have to jump through additional hoops.

**The commission recommends that DHS align fire code inspection requirements for before- and after-school programs operated by non-school entities in schools with DOE's requirements for such programs run by the schools themselves.** DHS has agreed with this recommendation.

### ***Building and fire code inspections at the state and local level should be further coordinated.***

As of August 1, 2024, the SFMO is now responsible statewide for reviewing building plans and inspecting child care facilities for DHS licensing purposes. Previously, local fire marshals in 38 cities and six counties had authority to conduct these inspections for child care licensing, though not all of them exercised this authority. In communities with locally adopted building and fire codes, local fire marshals continue to perform local, non-licensing plan reviews and inspections to ensure compliance with these codes and to ensure local fire departments are familiar with the buildings when responding to emergencies. Both approvals—state approval for DHS licensing and local approval for obtaining certificate of occupancy—are required.

This has created some confusion for child care businesses because they are now experiencing more inspections. They have also reported incidences



where the SFMO has approved a facility for DHS licensing purposes, but local inspectors have cited changes that must be made for compliance with local building and fire code requirements that owners weren't aware of. Annual inspections of existing facilities do not create unmanageable logistical challenges, according to child care operators, but the process of obtaining state and local approvals for new facilities has been leading to confusion and delays in some jurisdictions since the August 1, 2024, change in policy.

**To minimize the confusion for child care agencies opening a new facility, the commission recommends that the State Fire Marshal's Office invite local fire marshals' offices to conduct their initial inspections and any follow-up inspections at the same time on the same day as the SMFO's inspections.** The SFMO has agreed with this recommendation.

There can be a lengthy gap between pre-licensing approval by the SFMO and approval for occupancy by the local fire marshal. This can delay the opening of new facilities. **The commission recommends local jurisdictions ensure their pre-occupancy inspections are coordinated with state pre-licensing inspections.**

### ***There are opportunities for local governments to reduce barriers.***

Local zoning and codes can create barriers to child care businesses in some communities. Local zoning policies are sometimes more stringent than state licensing requirements, and in some jurisdictions, zoning requirements are stricter for child care facilities than for schools and churches. Some local jurisdictions have also adopted building codes more restrictive for child care facilities than those adopted by the SFMO. Although the great variation in communities across the state means there likely isn't a one-size-fits-all solution for zoning and codes, there are opportunities for local governments to assess whether they can make changes that will improve access to child care in their communities.

### **Local zoning restrictions can limit child care availability.**

Local governments have the authority to organize and regulate how land is used in their communities through zoning. Just as they do for other land uses, zoning ordinances determine where child care businesses are permitted to locate in a community. Across the state, family and group homes—which can have up to seven and 15 children respectively—are not always permitted in residential zones. Some jurisdictions permit schools and churches—which have a similar effect on neighborhoods as child care facilities do—in more zones than they do child care. In addition, some cities require child care businesses to seek special exceptions to locate in areas where schools are permitted by right. Requiring these special zoning

Just as they do for other land uses, zoning ordinances determine where child care businesses are permitted to locate in a community.

When faced with a shortage of child care providers in their community, local planning officials should consider how their zoning ordinances restrict opportunities for child care businesses.

exceptions or appeals for child care businesses adds to the cost of opening them and delays their approval.

There are also instances where local zoning ordinances establish stricter requirements than those required by DHS for licensing. For example, DHS establishes minimum requirements for indoor and outdoor space at child care facilities that help determine a facility's licensed capacity. But some local zoning ordinances include minimum outdoor play areas that exceed DHS requirements, which can force smaller centers to locate on larger lots. Having minimum requirements for outdoor play areas that exceed DHS requirements precludes the use of certain properties that could otherwise be used for child care centers and can increase the costs to open centers because of the need for larger lots.

Zoning serves many vital purposes, including separating dangerous or noxious land uses from where people live. Because of the differences in community needs across the state, effective solutions are likely to be those that are locally tailored rather than state-driven. But when faced with a shortage of child care providers in their community, local planning officials should consider how their zoning ordinances restrict opportunities for child care businesses. Child care needs have grown since many jurisdictions adopted zoning ordinances based on planning models of the 1960s and 1970s. Many counties and cities don't review their zoning ordinances unless specific issues are called to their attention. **To avoid unnecessarily restricting the development of child care facilities in their communities, the commission recommends that local governments align zoning for child care businesses with zoning for schools and churches.**

Examples would vary depending on existing local zoning but could include

- permitting home-based child care by right in at least some residential zones where streets and lot sizes can accommodate;
- permitting child care centers by right, without the need for special appeal, in appropriate non-residential zones; and
- eliminating minimum requirements for outdoor play areas that exceed DHS licensing standards.

### **Local building and fire codes can be costly and add delays for child care businesses.**

There are instances where local building and fire codes establish stricter requirements than the state's requirements for child care facilities. The city of Memphis, for example, has stricter requirements than the State Fire Marshal's Office for ventilation and fire suppression systems in kitchens. Several jurisdictions require fire suppression sprinkler systems in buildings used for child care, although the code adopted by the state fire marshal does not require them.

Some local governments, having adopted child care standards stricter than the state's, have since backtracked after seeing a negative effect on child care access. For example, in 2018, Knox County adopted an amendment to its building code requiring sprinklers in all child care facilities but repealed it in 2023 after finding it too restrictive.

As with zoning, state preemption of local codes would not account for differences among communities. But when looking for opportunities to facilitate access to child care in their communities, local officials should take into consideration the effect of local codes, especially when they are more restrictive than state standards. **The commission recommends that local governments align building and fire codes with state standards wherever appropriate.** For example, it would be beneficial to consider adopting sprinkler exceptions for child care facilities as allowed under the version of the International Building Code adopted by the SFMO.

### ***Additional state support is needed for Tennessee's child care workforce.***

Wages for child care workers are among the lowest of all sectors. The Tennessee Commission on Children and Youth said in a recent *State of the Child* report, "In 2021, the average earnings of a preschool or kindergarten teacher in Tennessee [were] \$21,249. The average earnings of a child care worker [were] \$12,973." According to the US Bureau of Labor Statistics, the average hourly wage for its estimate of 11,620 time-based childcare workers in Tennessee was \$13.21 in 2023. Multiple child care directors told commission staff that they are losing workers to retail establishments such as Target and Walmart and to fast-food restaurants such as McDonald's and Chick-fil-A.

Tennessee state government already assists with the recruitment and retention of child care workers. Child Care WAGE\$ Tennessee is an education-based salary supplement program with three primary goals: 1) reduce turnover in child care facilities; 2) address the low pay of educators working in the early childhood field; and 3) reward educators for their higher education. It provides early childhood educators with incentives based on their education (the number of early childhood college credits the educator has completed) and continuity of employment. By increasing teacher retention, WAGE\$ provides children with more stable relationships and better-educated teachers.

But stakeholders, including child care directors, told commission staff that some experienced workers aren't interested in pursuing further higher education. They would like to see a program that targets bonuses to child care workers without higher education credentials but who have longevity. Other states provide some examples of incentive programs that aren't tied to higher education:

Multiple child care directors told commission staff that they are losing workers to retail establishments such as Target and Walmart and to fast-food restaurants such as McDonald's and Chick-fil-A.

Real estate is especially expensive in Tennessee's most rapidly growing communities and appropriate facilities can be difficult to find.

- Virginia—Virginia's Teacher Recognition Program began in 2019 by offering \$1,500 bonus payments to teachers who remained with their employers for a continuous eight-month period. The state used a federal Preschool Development Grant to reward nearly 2,000 participating teachers. A follow-up study found that the payments reduced teacher turnover at participating child care centers by half—from 30% to 15%. According to a review of the program, "Child care assistant teachers—who had the overall lowest pay and highest turnover rates in our sample—saw the most benefit from the Teacher Recognition Program. Forty percent of assistant teachers at sites that did not receive payments left their sites. This was true of only 16% of assistant teachers at sites with access to the stipend."
- Georgia—Beginning in 2025, the Georgia Department of Early Care and Learning is introducing \$500 annual Quality Rated Workforce Bonuses for eligible staff (those working more than 20 hours per week and employed more than 60 days) at providers participating in the state's three-star quality rating system. The state is investing \$17 million for the program.

**To support the child care workforce and to incentivize commitment to a career in child care, the commission recommends that the state develop a program like Child Care WAGE\$ to reward workers for years of service.**

### ***Vacant and surplus public-school properties could be used for child care.***

The building, leasing, and purchase of facilities to be used for child care can be expensive. Real estate is especially expensive in Tennessee's most rapidly growing communities and appropriate facilities can be difficult to find. Other education-sector entities, in particular public charter schools, have encountered similar issues. To help facilitate solutions for these charter schools, Tennessee Code Annotated, Section 49-13-136(c) requires local education agencies (LEAs) to inventory their underutilized or vacant properties annually and make them available for use by public charter schools for at least one year after the property has been listed in the inventory. "Available for use" means offering the properties for sale or lease to charter schools within the LEA. The LEA is required to make the property available at or below "fair market value for educational purposes."

**Because child care operators might also benefit from priority access to these types of surplus properties, the commission recommends that the General Assembly amend Tennessee Code Annotated, Title 49, Chapter 6, Part 20 to give child care providers the same opportunity as public charter schools to purchase or lease the LEA's underutilized or vacant properties.**

## ***Additional state support is needed for Tennessee's child care businesses.***

Both Tennessee state government and the federal government have taken steps to encourage the establishment and expansion of child care businesses—but these steps have not always been enough to support the need for child care across the state and nation. For example, the Tennessee Department of Human Services (DHS) in partnership with the Community Foundation of Middle Tennessee offers enhancement grants across the state up to \$4,000 to support quality improvement and establishment/enhancement grants of up to \$1,000 per slot—based upon program design—of new or expanded licensed capacity.

Many of the barriers facing child care businesses make them more costly to operate. Additional state support of child care businesses could help offset some of these costs, making it easier for child care operators to stay in business or expand. Tennessee Code Annotated, Section 67-4-708, lists 16 types of service sector businesses that are exempt from paying the state's business tax on gross sales. Educational services “offered by elementary and secondary schools, colleges, universities, professional schools and junior colleges, library and information centers, correspondence schools, vocational schools and specialized nondegree granting schools” are exempt, but child care (i.e. early childhood education) is not.

The Tennessee Department of Revenue estimates 400 to 500 child care businesses paid the business tax in each of the past three years. The average yearly tax expense for those firms was \$1,925. An exemption could reduce general fund revenue by \$350,000 to \$400,000 annually. Counties and cities with taxpaying child care businesses would stand to lose a collective \$500,000 annually.

Cutting taxes for child care businesses would allow them to direct more resources toward staff and other expenses. **The commission recommends that the General Assembly eliminate state and local business taxes for child care businesses and offset the loss in revenue to local governments by providing them with a base amount of funding annually equal to what they received in local business tax revenue from child care providers in fiscal year 2023-24.**

Additional state support of child care businesses could help offset some costs, making it easier for child care operators to stay in business or expand.



## Analysis: Balancing Regulations and Minimizing Barriers to Expand Tennessee's Child Care Industry

Access to safe, reliable, and affordable child care is critical for working parents to seek opportunities to support their growing families. In general, the child care arrangements families choose fall into one of two categories: informal arrangements involving relatives or friends and formal arrangements at a state-licensed child care facility or state-certified school. Disruptions in child care—whether because an informal arrangement has fallen through or because a more formal option isn't available—lead to absences from work and can result in individuals leaving or losing their jobs; more than one in six unemployed Tennesseans say that caring for children is the reason they are not working.<sup>1</sup> Nationwide, 40% of parents living with children under six used paid child care in 2023,<sup>2</sup> and “55% of children age five and under and not enrolled in kindergarten were in at least one weekly nonparental care arrangement, as reported by their parents.”<sup>3</sup>

Moreover, companies looking to locate or expand in Tennessee cite the availability of child care as a deciding factor in whether to proceed with their plans.<sup>4</sup> Lack of access to affordable, quality child care, therefore, isn't just a problem for individual families; instead, it is a problem for communities and the state as a whole. Child care is essential for maintaining and growing Tennessee's workforce and for economic development. While both the private and public sectors recognize the importance of child care and have taken steps to increase its availability, barriers to opening, maintaining, and expanding licensed child care businesses remain—and child care business owners and other stakeholders have expressed frustration with these barriers.

Governments have a responsibility to ensure that child care providers operate safe facilities and to support early childhood educational environments where children can develop and succeed. Regulations are necessary and are intended to protect children as well as the communities where child care businesses are located. But some policies and regulations may be limiting or impeding child care businesses. Stakeholders have suggested that there likely are opportunities to cut unnecessarily

Access to affordable and reliable child care is crucial for families and for the workforce stability and economic growth of Tennessee.

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<sup>1</sup> US Census Bureau 2023c. Includes children under six in single-parent households where the only parent is in the labor force and in two-parent households with both parents in the labor force.

<sup>2</sup> Board of Governors of the Federal Reserve System 2024.

<sup>3</sup> Bobrowski and Hanson “Early Childhood Program Participation: 2023.”

<sup>4</sup> Interview with Jennie McCabe, director of workforce development, Tennessee Department of Economic and Community Development, September 20, 2024.

More than 60% of survey respondents did not report a significant problem with either local rules and regulations or state rules and regulations.

burdensome state and local regulations in ways that would help child care businesses. In response, Public Chapter 938, Acts of 2024, directed the Tennessee Advisory Commission on Intergovernmental Relations to identify laws, regulations, and rules that impose costs, financial burdens, or operating delays on child care business owners or prospective owners, and to evaluate whether some of these barriers may not be necessary to protect the health, safety, and welfare of children and the community.

Difficulty hiring and retaining workers is another challenge facing child care businesses. In 2022, the final report of the Tennessee Child Care Task Force concluded

There is an early care and education workforce and pipeline shortage that prevents programs from meeting full enrollment, as well as the expansion of early learning programs.<sup>5</sup>

Compensation in the industry is notoriously low—one in 10 child care workers have incomes below the poverty line.<sup>6</sup> But labor is among the primary operating costs for child care businesses, and owners are often frustrated they can't afford to increase wages or offer more benefits because many Tennessee families simply can't afford to pay higher child care costs. Responding to this workforce challenge, Public Chapter 934, Acts of 2024, directs the commission to describe the current landscape and demographics of child care workers in Tennessee and study the feasibility and effects of implementing a program to cover the cost of child care for child care workers, as well as other ways to expand financial supports for child care workers to incentivize them to remain employed in the early education industry. See appendix A for the public chapters.

Pursuant to these study requests, commission staff conducted six focus groups and over 45 interviews. They attended the Southwest Tennessee Development District's Childcare and Industry Workshop, and they conducted an online survey of child care directors and owners to find out about their experiences, the children they serve, and their employees—364 child care directors and owners responded. Staff reviewed the December 2022 Tennessee Child Care Task Force Final Report (see appendix B for that study's executive summary).<sup>7</sup> The commission also hosted a panel discussion on child care at its September 2024 meeting. More than 60% of survey respondents did not report a significant problem with either local rules and regulations or state rules and regulations (see appendix C for survey results). However, in the focus groups and interviews, many rules and regulations worthy of further examination were identified.

<sup>5</sup> Public Consulting Group 2022.

<sup>6</sup> Tennessee Commission on Children and Youth 2023a.

<sup>7</sup> Public Consulting Group 2022.



### ***Demand for child care services exceeds available supply in many communities across Tennessee.***

There are approximately half a million children under the age of six in Tennessee.<sup>8</sup> One in six Tennessee families has a child under six years old; for single-parent families, the number is closer to one in five.<sup>9</sup> For more than 300,000 of those children there is no stay-at-home parent to care for them; all parents in their family are in the labor force—either employed or looking for work.<sup>10</sup> The demand for child care in Tennessee is reflected in the responses to the commission's survey question about waitlists—71% of respondents (260 of 364) said their agency has a waitlist, with an average of 38 children on the waitlist. One hundred one respondents said the average time a child spends on the waitlist at their agency before a slot becomes available is between six months to one year.<sup>11</sup>

### **Child care needs increase where more families have young children.**

Potential demand for child care varies throughout the state, depending upon each community's population of families with young children. Less-populated counties in rural areas have fewer young families than the state's more urban and developing suburban counties do. For example, these six counties—Stewart, Houston, Humphreys, Perry, Decatur, and Lewis—combined have around 2,500 families with children under six. If 40% of those parents—the national average—want child care, there is perhaps demand for 1,000 slots scattered across those six counties. With 13,000 families with children under six, nearby Montgomery County has more than five times the potential demand. See map 1.

Many families face long waitlists to enroll their children in child care.

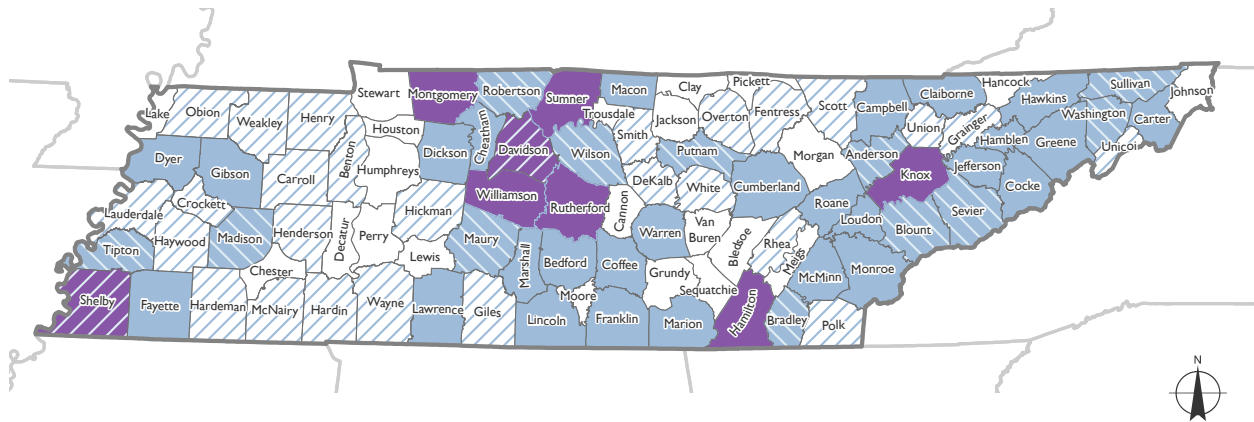
<sup>8</sup> US Census Bureau 2024.

<sup>9</sup> US Census Bureau 2023a. A family consists of a householder and one or more other people living in the same household who are related to the householder by birth, marriage, or adoption.

<sup>10</sup> US Census Bureau 2023c. Includes children under six in single-parent households where the only parent is in the labor force and in two-parent households with both parents in the labor force.

<sup>11</sup> Commission staff survey of child care owners and directors. See appendix C.

**Map 1. Households with Children Under Six—Numbers by County**



**Number of Households with Children Under Six**

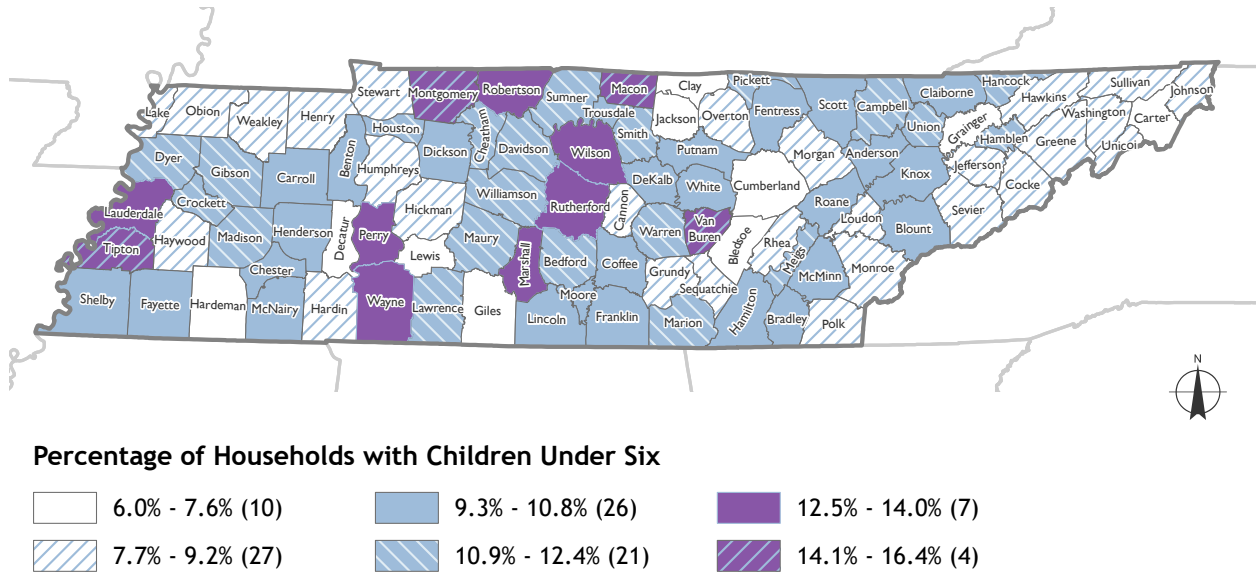
600 and Less (22)	1,201 - 3,000 (27)	7,001 - 21,000 (6)
601 - 1,200 (26)	3,001 - 7,000 (12)	More Than 21,000 (2)

Source: Commission staff analysis of 2022 American Community Survey 5-Year Estimates, “Households and Families,” Table S1101. US Census Bureau, December 2023.

Less-populated areas still need child care, particularly where families with young children make up a larger share of the local community. Statewide, families with at least one child under the age of six comprise 10.8% of all households.<sup>12</sup> Some counties with fewer such families are above average when it comes to share of total households—Van Buren and Perry County, for example—but percentages in most counties fall below the statewide percentage, with lower concentrations of young families in East Tennessee and greater percentages in much of Middle Tennessee and parts of West Tennessee. See map 2.

<sup>12</sup> US Census Bureau 2023a.

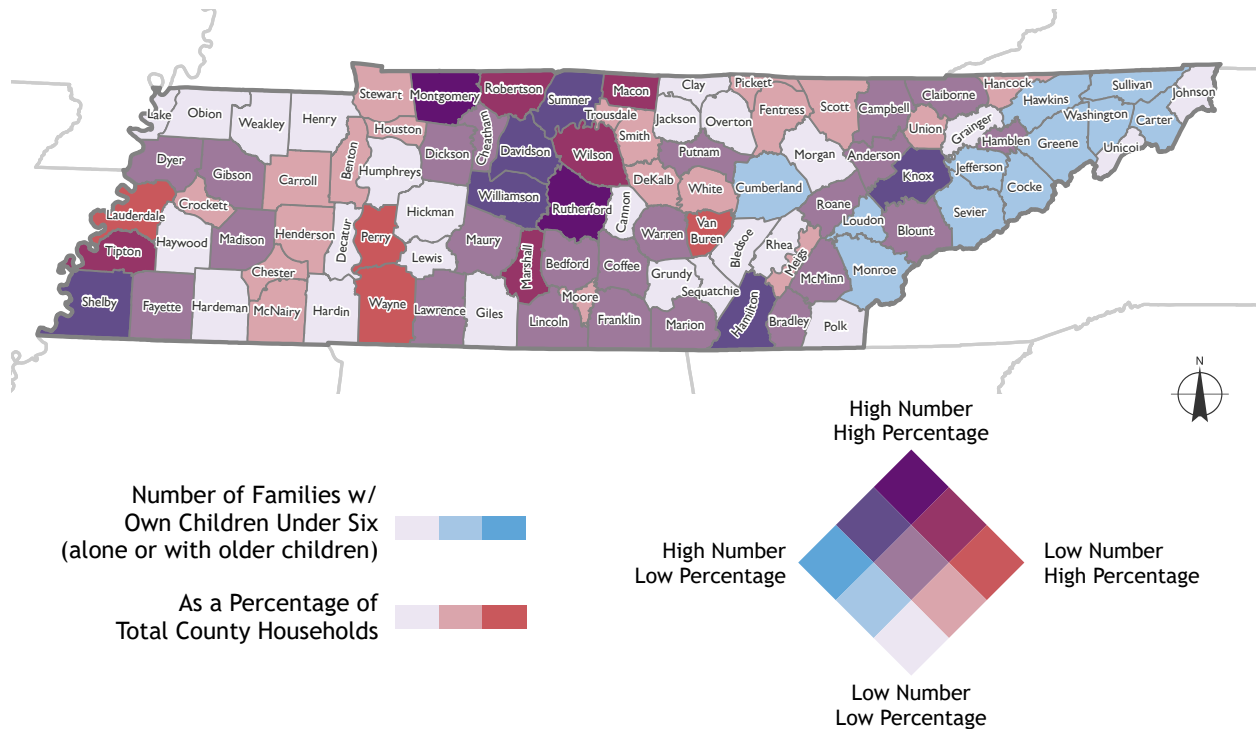
**Map 2. Households with Children Under Six—Percentage of Total County Households**



Source: Commission staff analysis of 2022 American Community Survey 5-Year Estimates, “Households and Families,” Table S1101. US Census Bureau, December 2023.

Montgomery and Rutherford counties stand out as the only two ranked in the top third of counties for both number and percentage of households with children younger than six; demand for child care in these counties is high. Excluding those two, the state’s other most-populous counties fall in the middle tier for their percentage of households with young children. Less-populated counties with high percentages of families with young children include suburban counties like Tipton, Wilson, and Robertson. Child care is likely perceived as a higher priority in these communities than in others where families with young children make up a lower percentage of the population. Much of East Tennessee can be categorized as having medium numbers with low percentages. See map 3.

**Map 3. Households with Children Under Six—Number and Percentage of Total**



Source: Commission staff analysis of 2022 American Community Survey 5-Year Estimates, “Households and Families,” Table S1101. US Census Bureau, December 2023.

Options for child care can be informal or formal and look different based on region and each family’s needs.

**Child care availability varies across the state, and the relationship between supply and demand is complex.**

Child care comes in different forms. Many families choose informal care settings at home with family or neighbors. According to the National Center for Education Statistics, 55% of children not yet enrolled in kindergarten in 2023 were in some type of weekly non-parental care arrangement. Of those, 34% were cared for by a relative at least some of the time and 17% were cared for in a private home by a non-relative. Two-thirds (66%) spent time in center-based care—“day care centers, Head Start programs, preschools, pre-kindergartens, and other early childhood programs.”<sup>13</sup> Nationwide, for-profit chains serve one in 12 children under five in child care settings.<sup>14</sup> Some of the largest child care corporations operate several locations in Tennessee. KinderCare—“America’s largest provider of early education and child care by capacity”—operates more than 2,300 centers across

<sup>13</sup> Bobrowski and Hanson 2023. Numbers add up to more than 100% because children could be in more than one type of weekly care arrangement (e.g. center-based care three days a week and cared for by a relative two days).

<sup>14</sup> Goldstein 2022.

the country and lists 28 in Tennessee.<sup>15</sup> Others in Tennessee include The Learning Group (17 La Petite Academy locations),<sup>16</sup> 18 Primrose Schools,<sup>17</sup> 12 Goddard Schools,<sup>18</sup> six Learning Experience franchise locations,<sup>19</sup> and six Kiddie Academy franchise locations.<sup>20</sup>

Child care facilities and programs in Tennessee are licensed or certified by one of two state agencies: the Child Care Services division of the Department of Human Services (DHS) or the Office of Early Learning in the Department of Education (DOE).<sup>21</sup> According to DHS' "Provider Report," as of November 15, 2024, there were 4,164 licensed or certified child care providers in Tennessee: 2,374 (57%) were regulated by DHS and 1,790 (43%) were under the authority of DOE.<sup>22</sup>

### *Child Care Providers Licensed by the Tennessee Department of Human Services*

DHS regulates licensing for four types of providers:

- Drop-in Centers (14 licensed as of November 15, 2024)
  - » provide care for 15 or more children not to exceed 14 hours per week and for not more than seven hours per day for any individual child during regular working hours; and
  - » can also provide up to six additional hours of care per week during evening (after 6 PM) and weekend (until 10 PM on Sunday) hours, if the total number of hours per week does not exceed 20 hours for any individual child.
- Family Child Care Homes (176 licensed)
  - » provide care for at least five but not more than seven unrelated children and
  - » up to five additional children related to the primary caregiver may also receive care.
- Group Child Care Homes (291 licensed)
  - » provide care for at least eight but not more than 12 children; and
  - » up to three additional school age children may receive care before and after school, on school holidays, on snow days, and during summer vacation.

The Department of Human Services (DHS) and the Department of Education (DOE) are the two principal state agencies that regulate formal child care settings in Tennessee.

<sup>15</sup> KinderCare Learning Companies "Brands" and "Our Centers."

<sup>16</sup> Learning Care Group "Find Your School."

<sup>17</sup> Primrose Schools "Locations."

<sup>18</sup> The Goddard School "Private Schools in Tennessee."

<sup>19</sup> The Learning Experience "Find A Center Near You."

<sup>20</sup> Kiddie Academy "Find an Academy in Your State."

<sup>21</sup> More information about each agency's rules and regulations can be found later in this report.

<sup>22</sup> Tennessee Department of Human Services 2024c.

DHS primarily licenses non-school based child care providers and some non-school entity-run child care programs inside schools. DOE certifies most child care programs inside public and private schools.

- Child Care Centers (1,855 licensed)
  - » provide care for 13 or more children;
  - » Average licensed capacity is 98; and
  - » 174 of these are Head Start and Early Head Start programs with a combined capacity of 10,676 (average capacity: 61).<sup>23</sup>

In addition to these licensed providers, there are 38 after-school programs operated by Boys and Girls Clubs that are exempt from DHS licensing.<sup>24</sup> Religious institutions represent some portion of licensed providers, but it is difficult to measure with the data available. A query of DHS-licensed provider names for those containing religious keywords returned 191 providers, which is less than 10% of the total number.<sup>25</sup>

### *Child Care Programs Certified by the Tennessee Department of Education (DOE)*

The Tennessee Department of Education is responsible primarily for governing programs in public schools and those private schools that the department certifies, including many pre-kindergarten programs for three- and four-year-olds, Head Start and Early Head Start programs in school locations, and extended before and after care for school-age children. Responsibilities include care for children ages six weeks to four years of age in child development labs in high schools; employee child care for children of teaching staff; pre-kindergarten programs—including Voluntary Pre-K, some Head Start, Title I, and Early Childhood Special Education classrooms; and non-public school child care. According to the DHS Provider Report for November 2024, there were 1,786 DOE child care programs for which data was available.<sup>26</sup> However, that number includes many programs where participation is restricted to low-income families, and even more extended care programs where the only children attending are school-age students enrolled at the same school location—commission staff identified 180 School Age Child Care (SACC) or similarly named programs, accounting for more than 22,000 available spots.<sup>27</sup>

Voluntary Pre-K (VPK) programs in 138 school districts representing all but one county had 941 classrooms with 16,185 funded seats in school year 2023-24.<sup>28</sup> The Tennessee Voluntary Pre-K initiative provides three-

<sup>23</sup> Children from birth to age five from families with incomes below federal poverty guidelines are eligible for Head Start services. Children from homeless families, and families receiving public assistance such as TANF or SSI are also eligible. Foster children are eligible regardless of their foster family's income. US Department of Health and Human Services "Poverty Guidelines and Determining Eligibility for Participation in Head Start Programs."

<sup>24</sup> Tennessee Code Annotated, Section 71-3-503(a)(10).

<sup>25</sup> Tennessee Department of Human Services 2024c.

<sup>26</sup> Tennessee Department of Human Services 2024a.

<sup>27</sup> Ibid. Commission staff filtered provider names to estimate the number of before/after school programs.

<sup>28</sup> Tennessee Department of Education 2024b.

and four-year-old children—with an emphasis on at risk four-year-old children—an opportunity to develop pre-academic and social skills to become school ready. VPK classes are designed to promote a high-quality academic environment which fosters the love and joy of learning and promotes success in kindergarten and throughout the child's life.<sup>29</sup> The Basic Principles of Tennessee's VPK are:

- Voluntary—Parents, communities, and school districts can decide locally whether they want and need high-quality pre-K classrooms.
- Working for Access for All—Pre-K in Tennessee is accessible to all four-year-old children, with an emphasis on at-risk students and high-priority communities.
- Maintain Existing High Standards—Keep the high-quality standards already in place regarding small class size, curriculum requirements, and certified teachers.
- Applying to Match State Dollars—The local school district serves as the applicant for matching state funds. Local school districts are accountable for matching state dollars based on their state/local match requirement. Local school districts can use some federal funds, private dollars, or in-kind resources as part of their local match.
- Flexible Local Partnerships—Communities, through their local school districts, can contract and partner with non-school providers, i.e., non-profit, for-profit, and local Head Start programs.
- Community Coordination and Planning—Each school district creates and facilitates a community “Pre-K Advisory Council” which provides formal input into the application and plan to expand pre-K classrooms. Representation must include but is not limited to parents, teachers, non-school providers, Head Start, the business community, and local government leaders.
- Office of Early Learning—A strong, centralized office monitors the programs for accountability, oversees the application process, consults with local districts and schools as needed.<sup>30</sup>

For school year 2023-24, state and local VPK funding totaled \$110,558,090, with \$86,437,438.26 of that total provided by state government.<sup>31</sup>

Religious institutions represent a portion of licensed providers, but it is difficult to measure with the data available. A query of DOE-certified

<sup>29</sup> Tennessee Department of Education “Voluntary Pre-K.”

<sup>30</sup> Ibid.

<sup>31</sup> Ibid.

Child care for infants is especially difficult to find, with only 61% of DHS licensed child care providers accepting infants.

provider names for those containing religious terms returned 178 providers—about 10% of the total number.<sup>32</sup>

*Head Start programs can fall under the supervision of either DOE or DHS.*

Head Start and Early Head Start are federally funded programs that promote school readiness of children ages 0-5 from eligible families. Eligibility for Head Start includes low family income, being in foster care, being homeless, or being in a family receiving public assistance. Head Start takes a comprehensive approach to meeting the needs of young children and their families. Every program focuses on education, health services, family involvement, and wrap-around support.<sup>33</sup>

In Tennessee there are 412 Head Start centers with 14,605 funded seats. Out of these totals, 98 of them serve only Early Head Start students with 1,003 funded Early Head Start seats. Early Head Start (EHS) programs serve infants and toddlers under the age of three and pregnant women. EHS programs provide intensive and comprehensive child development and family support services to low-income infants and toddlers and their families, and to pregnant women and their families.<sup>34</sup> One can see all Head Start locations in Tennessee on a federal government online interactive map and access information about each Head Start center by clicking on that location's link.<sup>35</sup> Another online interactive map shows funded seats by type of location.<sup>36</sup>

*Openings for infants may be particularly limited in some areas.*

There are eight counties in Tennessee where no DHS-licensed provider is available to care for infants under 12 months,<sup>37</sup> and 10 counties where there is only one.<sup>38</sup> Of the 2,322 child care homes and centers licensed by DHS, 1,424 (61%) report that they accept children before 12 months of age. Data for minimum age served is missing from most of the DOE-approved programs listed in the DHS Provider Report, but among the 831 providers with a minimum age listed, there are none serving children before their first birthday, five that accept one-year-olds, and 32 accepting two-year-olds.<sup>39</sup>

<sup>32</sup> Tennessee Department of Human Services 2024c.

<sup>33</sup> ChildCare.gov "Head Start and Early Head Start."

<sup>34</sup> Ibid.

<sup>35</sup> US Department of Health and Human Services "Head Start Center Locator."

<sup>36</sup> Tableau Public "Head Start Locations."

<sup>37</sup> Decatur, Hardin, Houston, Lake, Meigs, Pickett, Polk, and Van Buren.

<sup>38</sup> Campbell, Claiborne, Cocke, Grainger, Hancock, Johnson, McNairy, Monroe, Moore, and Trousdale.

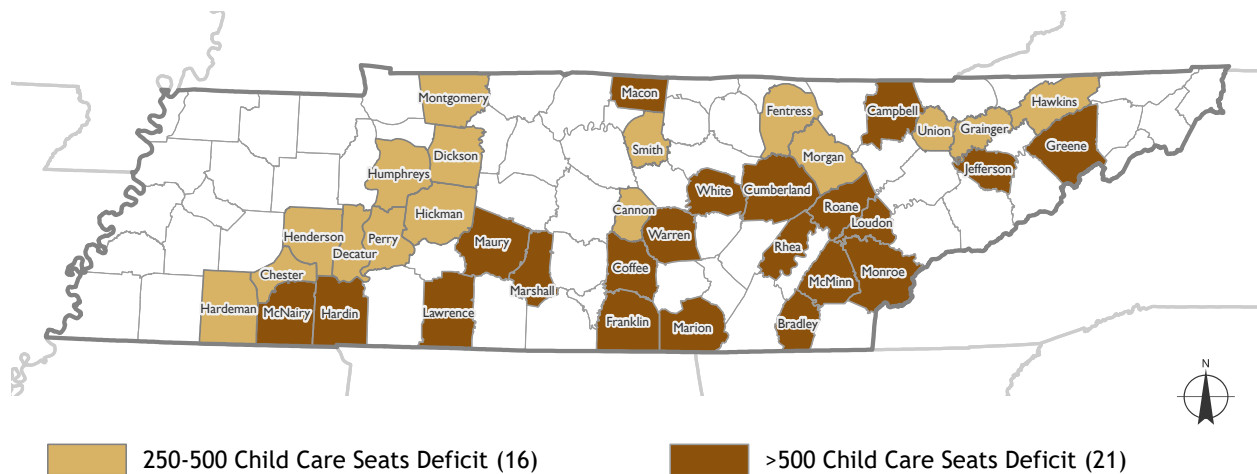
<sup>39</sup> Tennessee Department of Human Services 2024a.



### Child Care Deserts

In 2018, the Center for American Progress defined a child care desert as “any census tract with more than 50 children under the age of five that contains either no child care providers or so few options that there are more than three times as many children as licensed child care slots.”<sup>40</sup> Using a different methodology, in partnership with the University of Tennessee Social Work Office of Research and Public Service (SWORPS), DHS identifies counties where there is a deficit of child care availability. DHS adds a bonus to reimbursement payments for child care certificate program providers in these counties.<sup>41</sup> See map 4.

**Map 4. Tennessee Child Care Deserts, 2024**



Source: University of Tennessee Social Work Office of Research and Public Service 2024.

The DHS/SWORPS method compares an estimate of the number of children under six with all parents in the labor force with the combined capacity of DHS and DOE child care providers in each county.<sup>42</sup> Commission staff took a different approach, choosing to compare the total estimated population of children under six in each county, regardless of the parents’ employment status, with the licensed capacity for only DHS-licensed providers. See map 5.

This method takes into consideration that most of the capacity at DOE providers comes from school-age extended care programs that are not open to children under six. And by using a ratio of children to slots, rather than a set deficit amount, this approach recognizes shortfalls in some less-

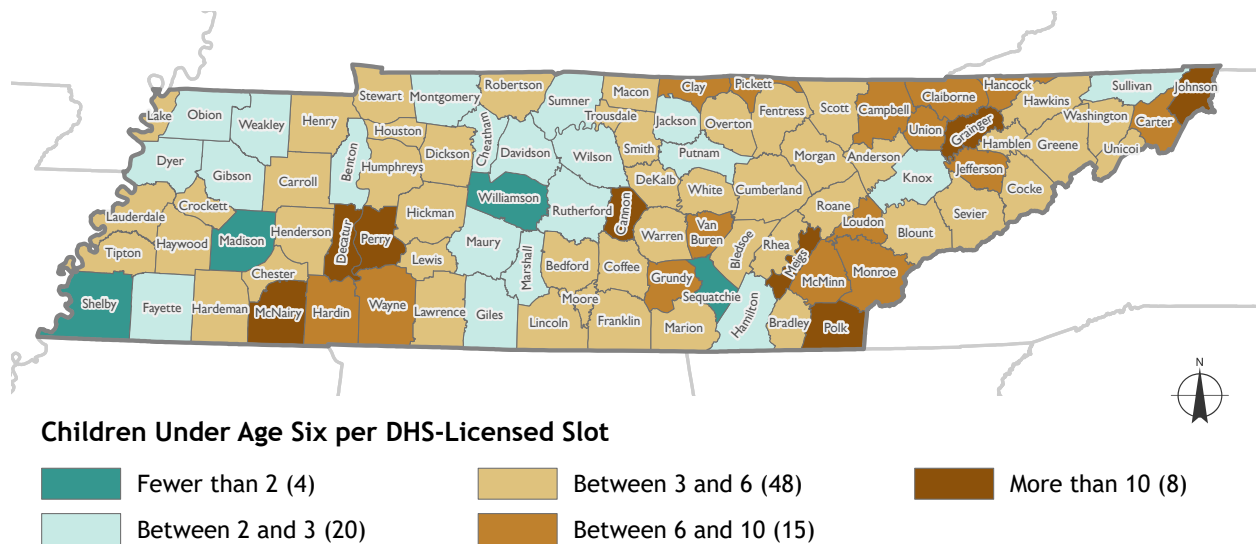
<sup>40</sup> Malik et al. 2018.

<sup>41</sup> Tennessee Department of Human Services “Child Care Certificate Program.”

<sup>42</sup> University of Tennessee Social Work Office of Research and Public Service 2024.

populated counties; a deficit of 200 seats is significant in a county with an under-six population of 1,000. It also considers the possibility that the percentage of parents in the labor force might increase if there were more child care options available. Differences between maps 4 and 5 highlight some of the challenges to analyzing child care supply and demand. Children of different ages require different care providers, and a community may have a deficit for certain age groups and a surplus for others.

**Map 5. Number of Children Under Age Six per DHS-Licensed Provider Slot**



Source: Commission staff analysis of 2022 American Community Survey 5-Year Estimates and Tennessee Department of Human Services “Provider Report” for November 15, 2024.

Determining demand and supply for child care can be difficult because different age groups require specific care providers, and communities can have a deficit of providers for one age and a surplus of providers for another.

***Affordable, quality child care is needed to maintain and grow Tennessee’s workforce and to maintain and stimulate economic development.***

Reliable child care plays a vital, two-fold role in our workforce—affording parents the ability to report to their jobs and retaining and attracting businesses to the state. The value of reliable child care becomes even more obvious when members of the workforce can’t make it to work because of a child care issue.<sup>43</sup>

**Access to child care affects labor force participation—especially for women.**

There is a portion of the population that is not in the labor force because of lack of child care. According to the Tennessee Commission on Children and

<sup>43</sup> Interview with Deniece Thomas, commissioner, Tennessee Department of Labor and Workforce Development, August 13, 2024.

Youth, “Among all Tennessee workers who are not currently employed, more than one in six cite caregiving as the reason they are not working.”<sup>44</sup> Nationally, the labor force participation rate of prime-age working women, especially mothers with young children, was the highest ever in 2023 but started to roll back in 2024, partly because of the lack of care resources and their prohibitive cost. Nationally, the share of nonworking parents of young children and those working only part time who currently report child care needs as the main reason for their low work hours increased from about 15% prior to the pandemic to 18% in February 2023.<sup>45</sup>

Lack of child care especially keeps women out of the workforce. According to the Federal Reserve, “Among prime-age parents living with their children under age 18, slightly more than one-third of women were not working for pay, compared with 16% of men.” And “nearly four in 10 prime-age mothers who were not working for pay said that childcare responsibilities contributed to that choice.”<sup>46</sup> In single-parent families there is no second parent with whom to balance work schedules. Thus, there is usually no ability to arrange in-residence care of children. According to the Tennessee Commission on Children and Youth, “Tennessee has stayed flat in both percent and rank of children in single-parent families over the last decade. There is significant disparity in this measure, with 27% of white children, 37% of Hispanic children and 71% of African-American children living in single parent families.”<sup>47</sup>

### States and local communities can help employers provide options for child care.

Tyson Foods opened an employer-sponsored child care facility near its complex in Humboldt, Tennessee in 2023 after recognizing that employees needed accessible and affordable child care.<sup>48</sup> The facility—managed by KinderCare and supporting more than 100 children and employing 20 child care professionals—received a \$150,000 establishment grant from DHS.<sup>49</sup> To build on this successful collaboration, the state began a three-year pilot program in 2024 to fund “innovative models” of non-profit partnerships with private employers. The state will allocate \$15 million a year for NEW Care Partnership Grants “to support child care provided through non-profit organizations . . . aiming to expand child care availability for the employer’s workforce.”<sup>50</sup>

“Business size affects business resources and ability to support workers’ child care needs.” This is according to a 2021 report by the Bipartisan

Lack of child care negatively impacts the labor force in Tennessee by impeding parents’ abilities to report to work, especially women.

<sup>44</sup> Tennessee Commission on Children and Youth 2023b.

<sup>45</sup> Bick, Gregory, and Leukhina 2023.

<sup>46</sup> Board of Governors of the Federal Reserve System 2024.

<sup>47</sup> Tennessee Commission on Children and Youth “Family and Community Context.”

<sup>48</sup> Tyson Foods 2023.

<sup>49</sup> Ibid.

<sup>50</sup> Tennessee Department of Human Services 2024d.

Small and large businesses across the country and in the state are attempting to provide child care solutions for their staff.

Policy Center, which found that small business owners “view their employees as family and are keenly interested in helping them overcome child care challenges. But smaller businesses may not be able to provide child care support or services in the way larger businesses can.”<sup>51</sup> At the commission’s December 2024 meeting, commission member Mayor Waters said that it’s harder for small businesses to invest resources in child care than it is for major corporations like Tyson. He asked staff for any examples of collaborative organizations in other states where small businesses can come together to provide child care for employees. In one example staff found since the meeting, a child care shortage was affecting employment in Mercer County, North Dakota. Eight employers banded together to establish Energy Capital Cooperative Child Care, a non-profit child care cooperative that operates at cost to provide care for up to 77 children.<sup>52</sup>

Public-private partnership models have also been used by some Tennessee communities looking to develop more child care slots. The Clarksville Industrial Development Board selected an agency to partner with, the Youth Academy, to create 800 child care slots in their local area. The agency received a piece of property and a tax abatement from the community to establish child care for families working in the industrial park, as well as families that are active military, and offers a sliding scale and tuition discounts. Another example comes from the Greater Kingsport Family YMCA in Northeast Tennessee, which received \$1 million in Appalachian Regional Commission funding to support a childcare partnership with Eastman Chemical—one of the largest employers in that area—and other manufacturers in the northeastern part of the state. This partnership was designed to increase capacity for all shifts, especially third shift, at these manufacturing plants. These examples are representative of the need for both recruitment and the health of existing industries and child care is an important part of ensuring parents can work and raise their families.<sup>53</sup>

### ***Where child care is available, it may not be affordable.***

In 2023, the median family income for families in Tennessee with children under 18 was \$81,958.<sup>54</sup> The average weekly fee for full-time care of a toddler as reported by 905 DHS-licensed child care centers in state fiscal year 2024 was \$232 (\$12,064 for 52 weeks); the median was \$220 (\$11,440 for 52 weeks).<sup>55</sup> This makes the cost for a single toddler at a child care center 14% to 15% of a typical family’s income. Average weekly fees reported at group child care homes (\$189) and family care homes (\$206) were lower than those for center-based care, but still amount to at least

<sup>51</sup> Bipartisan Policy Center 2021.

<sup>52</sup> University of Wisconsin-Madison “Childcare Cooperatives.”

<sup>53</sup> Interview with Jennie McCabe, director of workforce development, Tennessee Department of Economic and Community Development, September 20, 2024.

<sup>54</sup> US Census Bureau 2023b.

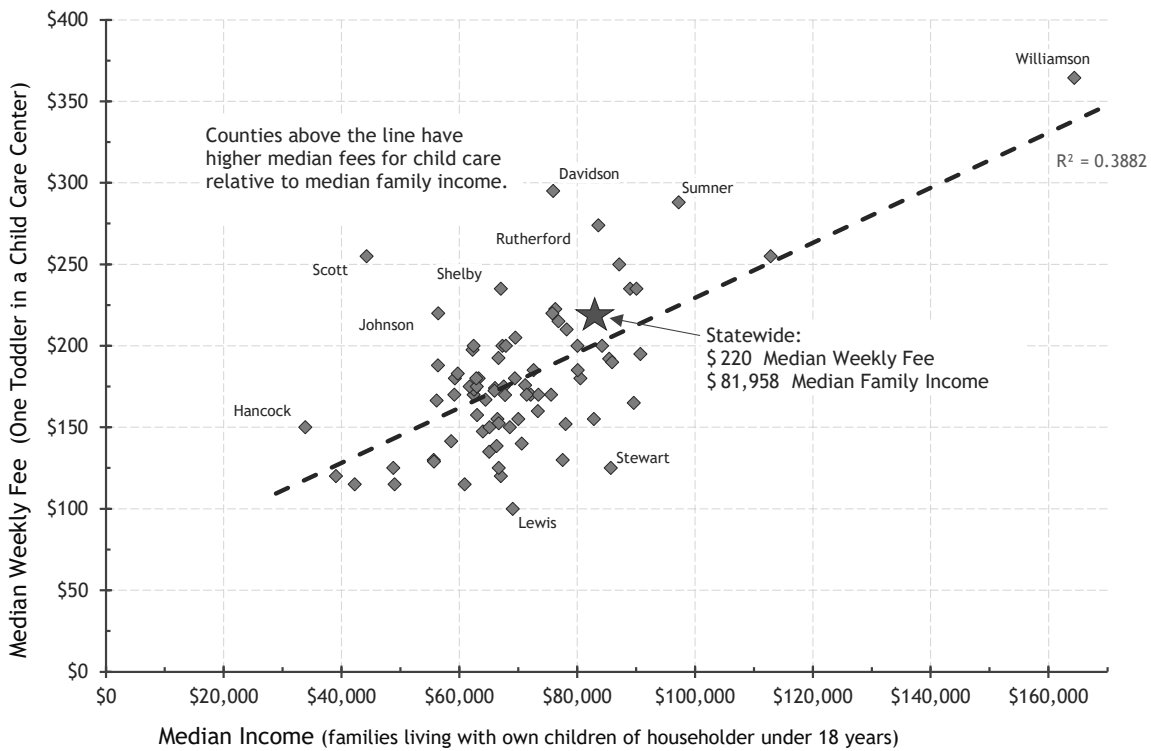
<sup>55</sup> Pratt 2024.

12% of income.<sup>56</sup> Providers who responded to the commission's survey reported a median weekly fee of \$195 and an average of \$212.<sup>57</sup>

Child care fees and family incomes vary significantly from county to county across the state. At the county level, median incomes for families with children range from \$33,859 (Hancock County) to \$164,358 (Williamson County).<sup>58</sup> At the county level, median weekly fees for full-time, center-based toddler care range from \$100 (Lewis County) to \$365 (Williamson County).<sup>59</sup> It makes sense that child care fees would be higher in higher income locations, but the actual relationship between reported fees and income does not indicate strong correlation, varying widely in both directions. See figure 1.

Finding child care isn't the only obstacle for working parents—cost can be prohibitive as well, with the cost for a single toddler at a child care center at 14% to 15% of a typical family's income.

**Figure 1. Median Weekly Fees for Center-Based Toddler Care and Median Family Income by County**



Source: Commission staff analysis of child care market rate study (Pratt 2024) and American Community Survey data (US Census Bureau 2022).

Statewide, the median weekly fee for a toddler in a child care center is 14.0% of the state's median family income. In nearly half of counties (44 of 95), the median weekly fee for a toddler in a child care center is 12% to 15%

<sup>56</sup> Ibid.

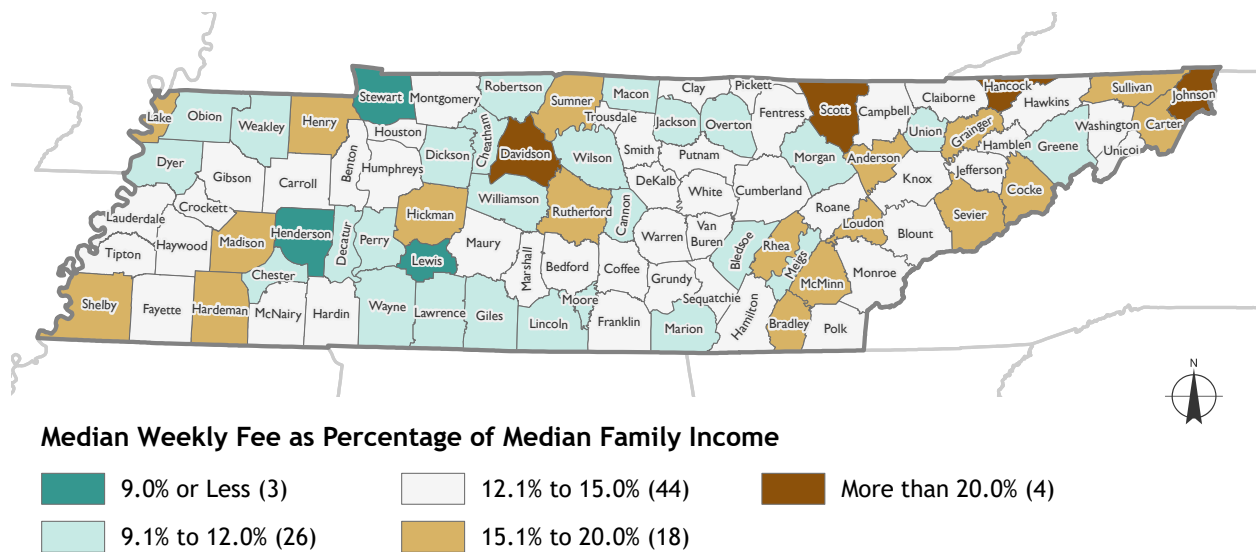
<sup>57</sup> Commission staff survey of child care owners and directors. See appendix C.

<sup>58</sup> US Census Bureau 2022.

<sup>59</sup> Pratt 2024.

of the county's median family income. In 29 counties the percentage is less, making child care fees relatively more affordable. The percentage is higher, however, in 22 counties—rising above 20% of income in four counties. In Scott County, the reported median weekly fee of \$255 is 30% of the median family income of \$44,264. Median fees reported in Wilson County were also \$255, but there the median family income is \$112,847—2.5 times higher.<sup>60</sup> See map 6.

**Map 6. Median Weekly Fees for Center-Based Toddler Care as a Percentage of Median Family Income by County**



Source: Commission staff analysis of child care market rate study (Pratt 2024) and American Community Survey data (US Census Bureau 2022.)

Child care affordability varies across the state, depending on location.

Families seeking child care in Scott County can expect to spend 30% of their family income on child care, in comparison, those in Wilson County can expect to spend just 12% of their family income.

**DHS' Child Care Certificate Program helps low-income families pay for child care.**

DHS deems families eligible for several types of child care payment assistance under the Child Care Certificate Program. Parents are not required to receive other benefits through DHS to qualify for participation in the Child Care Certificate Program—funded by the federal Child Care and Development Fund (CCDF). Federal requirements are that “children must (1) be younger than age 13; (2) reside with a family whose income does not exceed 85% of the state’s median income (SMI) for a family of the same size and whose family assets do not exceed \$1,000,000; and (3) (a) reside with a parent or parents who are working or attending a job training or educational program (which can include job search) or (b)

<sup>60</sup> Pratt 2024.

receive, or need to receive, protective services as defined by the Lead Agency [DHS].”<sup>61</sup> Tennessee uses 85% of SMI for eligibility.<sup>62</sup> In addition, mothers in high school or middle school participating in the Teen Parent program qualify for child care assistance if they stay in school. The Child Care Certificate Program makes payments directly to a family’s chosen and eligible child care provider, and parents or guardians pay a co-pay to cover the leftover cost—an amount that depends on household size and monthly income eligibility limits (see table 1). Co-pays are paid directly by families to their child care provider weekly, and co-pays are waived for families with incomes at or below the 150th percentile of the federal poverty level. Besides the co-pay, the parent or guardian could be responsible for additional costs such as late pickup fees, mat fees, field trips, activity fees, supply fees, and other specific charges set by the child care provider. Parents can apply through the online DHS customer portal, by completing a paper application, or through their Families First application.<sup>63</sup> Co-pays are capped at 5% of household income.<sup>64</sup>

Even when receiving payment assistance from DHS, the parent or guardian could be responsible for additional costs such as late pickup fees, mat fees, field trips, activity fees, supply fees, and other specific charges set by the child care provider.

“The Child Care and Development Block Grant Act of 1990 (CCDBG Act, as amended) is the main federal law governing child care programs for low-income working families. The CCDBG Act authorizes discretionary appropriations to support grants to state, territorial, and tribal lead agencies. Lead agencies use these funds to subsidize the child care expenses of eligible children and to improve the overall quality and supply of child care. At the lead agency level, discretionary CCDBG funds are integrated with mandatory funds from the Child Care Entitlement to States (CCES). The CCES is permanently authorized in Section 418 of the Social Security Act. CCES funds generally must be spent according to CCDBG Act rules. Combined, the CCES and CCDBG are commonly called the Child Care and Development Fund (CCDF).”<sup>1</sup>

<sup>1</sup> Congressional Research Service “The Child Care and Development Block Grant: In Brief.”

<sup>61</sup> Tennessee Department of Human Services 2024a. Also see Congressional Research Service “The Child Care and Development Block Grant: In Brief.”

<sup>62</sup> Tennessee Department of Human Services 2024a.

<sup>63</sup> Tennessee Department of Human Services “Child Care Certificate Program.”

<sup>64</sup> Email correspondence with Jude White, assistant commissioner for child care and community services, Tennessee Department of Human Services, January 14, 2025.

**Table 1. Income Eligibility Limits and Parent Co-Pays Fiscal Year 2023-2024**

Household Size	Monthly Income Eligibility Limits		
	150th Percentile (FPL)	60th Percentile (SMI)	85th Percentile (SMI)
2	\$2,555.00	\$3,066.70	\$4,344.49
3	\$3,227.50	\$3,788.27	\$5,366.72
4	\$3,900.00	\$4,509.85	\$6,388.95
5	\$4,572.50	\$5,231.43	\$7,411.19
6	\$5,245.00	\$5,953.00	\$8,433.42
7	\$5,917.50	\$6,088.30	\$8,625.09
8	\$6,590.00	\$6,223.59	\$8,816.76
9	\$7,262.50	\$6,358.89	\$9,008.43
10	\$7,935.00	\$6,494.18	\$9,200.09
11	\$8,607.50	\$6,629.48	\$9,391.76
12	\$9,280.00	\$6,764.78	\$9,583.43
Co-Pay Fee*	No Fee	5% of income	

\*Co-pay fees will be waived for incomes at or below the 150th percentile of Federal Poverty Level (FPL).  
 \*\*Weekly Parent Co-Pay Fee = monthly countable income x .05 (5%), divided by 4.3, rounded down to whole dollar amount. Resulting co-pay fee will be evenly divided among all children in care.  
 Example:  
 $\$1,895 \times 0.05 = \$94.75$  rounded down to  $\$94 \div 4.3 = 21.86$  rounded down to  $\$21 \div 2$  children =  $\$10.50$

**Income ranges are determined as follows:**  
 State Median Income (SMI) Monthly figures for FY 2023-24.  
 Based on 2024 poverty guidelines issued by the U.S. Department of Health and Human Services.

Source: Tennessee Department of Human Services, Tennessee Child Care Certificate Program, “Income Eligibility Limits and Parent Co-Pay Fees Fiscal Year 2023-2024.”

Child Care Certificate Program eligibility for families participating in Families First, the State’s Temporary Aid for Needy Families (TANF) program, is determined based on TANF eligibility requirements.<sup>65</sup> A distinction with Families First-related eligibility is that parents may choose an agency *or* an individual to provide care. The individual’s home must meet health and safety guidelines, the individual must pass a background check, and they must agree to complete health and safety training before approved.<sup>66</sup>

<sup>65</sup> Tennessee Department of Human Services 2024a.

<sup>66</sup> Tennessee Department of Human Services “Child Care Certificate Program.”



## States are required to carefully determine payment rates for federal Child Care and Development Fund (CCDF) financial assistance to families.

Since 1988, “federal subsidy policy has required that provider payment rates be informed by market prices based on the rationale that associating payment rates with prices would support parental choice and access. States and territories conduct market rate surveys to collect information on child care prices, and, under CCDF, are encouraged but not required to set payment rates at the 75th percentile of the market price. The 75th percentile is the number that splits the range of prices in the market such that 75% of prices are lower and 25% are higher than it. . . . The 75th percentile payment rate is viewed as a proxy for equal access. Setting payment rates at the 75th percentile demonstrates that CCDF families could have access to at least three out of every four available child care slots or programs.”<sup>67</sup> DHS bases payment rates on at least the 60th percentile of the market price<sup>68</sup> and adjusts as described below.<sup>69</sup>

The federal CCDBG Act requires states and territories to demonstrate that their payment rates consider the costs associated with higher-quality child care.<sup>70</sup> Accordingly, DHS conducts Cost of Quality Care Surveys to augment the information obtained from its Market Rate Surveys.<sup>71</sup> See appendix D for a description of DHS’ Market Rate Survey and Cost of Quality Care Survey, as well as federal guidance for the use of alternative methodologies, such as a cost estimation model.

The CCDBG Act allows states and territories to include the use of alternative methodologies, such as a cost estimation model, when setting payment rates. Tennessee Code Annotated, Section 71-1-130 says that “In compliance with federal law and regulations and from the market rate study or utilizing an alternative methodology, the department [DHS] shall annually determine an amount to be paid as reimbursement on behalf of low-income families. . . . For purposes of this section, “alternative methodology” means a method of determining the costs of day care other than by a market rate study; and includes cost-of-quality studies and cost estimation models.”

In the 113<sup>th</sup> General Assembly, Senate Bill 1805 by Senator Oliver and House Bill 1962 by Representative Powell would have required DHS to utilize cost estimation models to determine the cost of child care when setting child care reimbursement rates. The bill did not pass. In the fiscal

Market price is determined through a market rate survey, though alternative methodologies, like cost-of-quality and cost estimation models, are allowed.

<sup>67</sup> Davis et al. 2017.

<sup>68</sup> Tennessee Department of Human Services 2024a.

<sup>69</sup> Tennessee Department of Human Services “Child Care Certificate Program Provider Weekly Reimbursement Rates Including QRIS Scorecard Bonus Payments.”

<sup>70</sup> Davis et al. 2017.

<sup>71</sup> Luna and Pratt 2023.

In Tennessee, all licensed child care agencies are eligible to receive at least the base rate paid through the Child Care Certificate Program if they contract with DHS to participate.

note for the bill, the Tennessee General Assembly Fiscal Review Committee said that “due to the unknown outcome of the cost estimation model, the extent to which child care reimbursement rates may increase or decrease in fiscal year 2025-26 and subsequent years cannot be reasonably estimated. Of the \$342,813,717 in federal funding in the Child Care and Development Fund available to DHS in federal fiscal year 2022-23, \$78,852,274 was unused, with \$74,611,806 carried forward to federal fiscal year 2023-24. The budgeted amount to be received in fiscal year 2023-24 was \$205,435,800.”<sup>72</sup>

In Tennessee, all licensed child care agencies are eligible to receive at least the base rate paid through the Child Care Certificate Program if they contract with DHS to participate. Child care programs certified by DOE are eligible to receive the base rate paid through the Child Care Certificate Program. Agencies are eligible to receive bonus payments through the Child Care Certificate Program if they attain certain Quality Rating Improvement System (QRIS) scores. A QRIS score of 80 to 89 adds a 15% quality bonus and a score of 90 to 100 adds a 20% quality bonus.<sup>73</sup>

Payment rates in 27 “Top Tier Counties” are adjusted higher. These counties are among the 20 with the highest average population in 2022 or among the 20 with the highest per capita incomes in 2022.<sup>74</sup> DHS adds 15% to payment rates for these additional situations:

- counties identified as either distressed or child care deserts based on current desert mapping and annual distressed county designations,
- children receiving care in non-traditional hours (the majority of the child’s care is offered between the hours of 6:00pm and 6:00am),,
- children receiving care and having been identified with disabilities and special needs, and
- infants and toddlers receiving care.<sup>75</sup>

See appendix E for DHS’ Child Care Certificate Program Provider weekly reimbursement rates including QRIS scorecard bonus payments.

### **Families can also be deemed eligible for child care assistance by state agencies other than DHS.**

The Tennessee Department of Mental Health and Substance Abuse Child Care Payment Assistance Program serves parents enrolled in designated

<sup>72</sup> 2024 Session of the 113th General Assembly “Fiscal Note for SB1805/HB1962.”

<sup>73</sup> Tennessee Department of Human Services “Child Care Certificate Program Provider Weekly Reimbursement Rates Including QRIS Scorecard Bonus Payments.”

<sup>74</sup> Anderson, Blount, Bradley, Cheatham, Davidson, Dickson, Dyer, Fayette, Gibson, Greene, Hamilton, Henry, Knox, Loudon, Madison, Maury, Montgomery, Putnam, Robertson, Rutherford, Sevier, Shelby, Sullivan, Sumner, Washington, Williamson, and Wilson.

<sup>75</sup> Tennessee Department of Human Services “Child Care Certificate Program Provider Weekly Reimbursement Rates Including QRIS Scorecard Bonus Payments.”

treatment and recovery programs through the Tennessee Department of Mental Health and Substance Abuse Services (DMHSAS). DMHSAS staff determines eligibility for the program. The Department of Children's Services (DCS) central office provides the funding amounts and the fund utilization management for funding sources related to children in state custody. County and regional DCS program staff provide the child care referrals and provide the local management of regional DCS funds.<sup>76</sup>

The Tennessee Department of Labor and Workforce Development (DLWD) determines eligibility for two programs. The Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) Child Care Program serves parents enrolled in the SNAP E&T Program while the Reemployment Child Care Payment Assistance Program serves parents enrolled in the Reemployment Services and Eligibility Assessment Program (RESEA).<sup>77</sup>

Under DLWD, the state also has an apprenticeship program designed to help parents overcome barriers they may experience when trying to enter the workforce, like the need for child care for their families. The apprenticeship program provides child care to eligible apprentices under the Workforce Innovation and Opportunity Act.<sup>78</sup>

### ***There are many factors affecting child care affordability.***

In the 1990s and 2000s, child care prices rose twice as much as inflation overall but have tracked more closely to each other in the last decade. From October 2014 to October 2024, the overall Consumer Price Index has risen 33% while child care prices are up 39%.<sup>79</sup> Wages, construction and rent costs, and insurance are among the factors contributing to rising prices.

The vast majority of parents with young children who need access to child care cannot afford to pay the true cost of providing high-quality care.<sup>80</sup>

A particularly helpful resource for examining the cost of child care in Tennessee is the *Cost of Quality Care Study: A Survey of Recipients, 2023* prepared by Professor LeAnn Luna and Research Associate Emily Pratt of the University of Tennessee's Boyd Center for Business and Economic Research. The project is funded through an agreement with DHS and the University of Tennessee, Social Work Office of Research and Public Service and Boyd Center for Business and Economic Research. The researchers supplemented their "data with the Provider Cost of Quality Calculator (PCQC) maintained by the US Department of Health and Human Services

<sup>76</sup> Tennessee Department of Human Services "Child Care Certificate Program."

<sup>77</sup> Ibid.

<sup>78</sup> Ibid.

<sup>79</sup> US Bureau of Labor Statistics "Consumer Price Index for All Urban Consumers (CPI-U)."

<sup>80</sup> National Association for the Education of Young Children 2024c.

Wages, construction and rent costs, and insurance are among the factors contributing to rising prices.

Administration for Children and Families. . . . The PCQC uses a variety of external data sources and input by users to estimate costs by category for a hypothetical enrollment of children at a child care agency.” The researchers say “the PCQC starts with ‘default’ values that are derived from the state’s payroll records, cost of living data such as rent per square foot, housing prices, employer unemployment insurance premiums, and other sources.” See table 2 for the PCQC estimates for annual non-personnel costs for child care centers and table 3 for the PCQC estimates for annual non-personnel costs for family and group homes.

**Table 2. Provider Cost of Quality Calculator (PCQC) Non-personnel Costs for Day Care Centers**

Food & Food Prep	Per Child	\$ 1,376
Kitchen Supplies	Per Child	\$ 53
Classroom Supplies	Per Child	\$ 139
Education Supplies	Per Child	\$ 111
Office Supplies & Equipment	Per Child	\$ 111
Medical Supplies	Per Child	\$ 56
Insurance	Per Child	\$ 118
Advertising	Per Child	\$ 21
Child Assessment Tool	Per Child	\$ 25
Developmental Screening Tool	Per Child	\$ 12
Curriculum	Per Child	\$ 35
Rent, Lease, or Mortgage	Per Square Foot	\$ 13/sq ft
Utilities	Per Square Foot	\$ 4/sq ft
Building Insurance	Per Square Foot	\$ 2/sq ft
Maintenance, Repair, and Cleaning	Per Square Foot	\$ 4/sq ft
Telephone & Internet	Center Level	\$ 4,818
Audits & Legal Fees	Center Level	\$ 3,212
Licensing Fees & Permits	Center Level	\$ 535
Professional Services & Fees	Center Level	\$ 1,157
Accreditation Fees	Center Level	\$ 625
Professional Membership & Subscriptions	Center Level	\$ 70

Source: Luna and Pratt 2023.

**Table 3. Provider Cost of Quality Calculator (PCQC)  
Non-Personnel Costs for Family and Group Homes**

Advertising	Home Level	\$ 161
Vehicle Expenses	Home Level	\$ 306
Depreciation of Equipment	Home Level	\$ 367
Insurance	Home Level	\$ 530
Interest	Home Level	\$ 144
Professional Fees	Home Level	\$ 733
Office Supplies	Home Level	\$ 222
Repairs and Maintenance for Child Care	Home Level	\$ 294
Supplies	Home Level	\$ 556
Food and Food-Related Supplies	Home Level	\$ 6,881
Telephone & Internet	Home Level	\$ 1,071
Training/Professional Development	Home Level	\$ 278
Professional Membership Dues	Home Level	\$ 122
License and Permits	Home Level	\$ 118
Child Assessment Tool	Per Child	\$ 200
Developmental Screening Tool	Per Child	\$ 92
Mortgage Interest, Property Taxes, and Depreciation or Rent/Lease	Home Level	\$ 11,074
Homeowners/Renters Insurance	Home Level	\$ 792
Utilities	Home Level	\$ 2,250
Cleaning Supplies, etc.	Home Level	\$ 294
Repairs & Maintenance	Home Level	\$ 589

Source: Luna and Pratt 2023.

### Salaries are the greatest operating expense for child care providers.

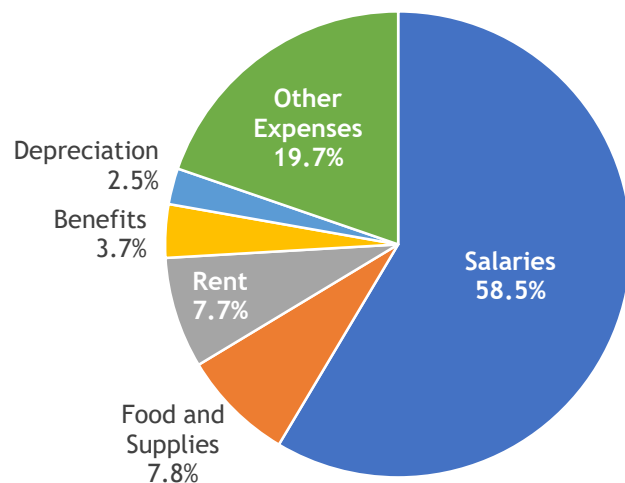
Stakeholders interviewed support Luna and Pratt's finding that salaries are the greatest operating expense for child care providers—despite the low average wages. See figure 2.<sup>81</sup>

### The cost of leasing or purchasing properties for child care is expensive.

The market rate per square foot varies dramatically across the Tennessee metro areas included in the National Association of Realtors' "Commercial Real Estate Report Q2 2024." For example, the rate for Nashville-Davidson-Murfreesboro-Franklin (\$28) was more than twice that for Kingsport-Bristol TN-VA (\$13) and

<sup>81</sup> Luna and Pratt 2023.

**Figure 2. Share of Total Key Expenditures by Category for Child Care Providers**



Source: Luna and Pratt 2023.

1.75 times more than the rate for Johnson City and Memphis (both \$16). The vacancy rate among all the areas is low, ranging from 1.3% to 3.4%.<sup>82</sup> See table 4.

**Table 4. National Association of Realtor’s Market and Vacancy Rates for Retail Space**

Metropolitan Statistical Area	Market Rate per Square Foot		Vacancy Rate	
	Q2 2023	Q2 2024	Q2 2023	Q2 2024
Chattanooga, TN-GA	\$ 16	\$ 17	2.7%	2.8%
Johnson City, TN	\$ 15	\$ 16	1.6%	1.3%
Kingsport-Bristol TN-VA	\$ 13	\$ 13	2.0%	2.6%
Knoxville, TN	\$ 18	\$ 19	2.6%	2.4%
Memphis, TN-MS-AR	\$ 16	\$ 16	3.4%	3.4%
Nashville-Davidson-Murfreesboro-Franklin, TN	\$ 27	\$ 28	3.3%	3.4%

Source: National Association of Realtors “Commercial Real Estate Report Q2 2024.”

Liability insurance—required for all licensed child care centers and homes in Tennessee—can be difficult to obtain and costly for child care business owners.

**Liability and property insurance costs are another contributor to the cost of running a child care business.**

According to the National Association for the Education of Young Children (NAEYC), “liability insurance is a necessary and often mandatory protection for early childhood education programs operating in schools, centers, and homes.” Fourteen states—including Tennessee—require liability insurance for all licensed child care centers and homes.<sup>83</sup> Twenty-one states do not require coverage for any providers.<sup>84</sup> Unfortunately for providers required to maintain liability insurance, NAEYC has heard “increasing and increasingly desperate reports specifically related to liability insurance costs, as well as coverage reductions, rejections, and denials.”<sup>85</sup> Eighty percent of respondents to a nationwide NAEYC survey conducted in May and June 2024 noted that their total liability insurance cost increased over the last year. NAEYC’s January 2024 ECE workforce survey found that 49% of respondents “noted that their programs were experiencing an increase in liability insurance costs.” Of the 35 responses from child care directors in Tennessee, 52% reported liability insurance costs went up in the past six months.<sup>86</sup>

Child care providers across the country are also reporting reduced coverage and policies being dropped altogether. “It’s become increasingly difficult to find companies willing to provide liability insurance for child

<sup>82</sup> National Association of Realtors 2024.

<sup>83</sup> National Association for the Education of Young Children 2024a. The 14 states are: AZ, DC, HI, KY, MT, NE, NV, NH, NJ, OK, RI, TN, TX, VT.

<sup>84</sup> AL, AK, CA, CO, CT, FL, GA, IA, MD, MA, MI, MN, MS, MO, NM, NC, OH, OR, SC, UT, WY.

<sup>85</sup> National Association for the Education of Young Children 2024a.

<sup>86</sup> Ibid.

care,' said Sam Phillips, a Texas-based insurance agent who has about 300 child care clients across the country."<sup>87</sup> Despite the cost and difficulty to obtain liability insurance, an overwhelming majority of child care business owners say that it is important to protect their programs and the families they serve. They rely on insurance policies "to protect themselves and their families from financial losses that could result from claims or lawsuits filed against them due to accidents or injuries that can and do occur when groups of young children play and learn together."<sup>88</sup>

Property insurance costs are also increasing. Fifty-three percent of responses to the 2024 NAEYC survey reported paying more for property insurance in the past six months, including 58% of respondents from Tennessee.<sup>89</sup>

### ***The regulation of child care nationally and in Tennessee is complex.***

An expert on child care and early childhood education provides an overview of the regulatory landscape:

Child care regulations in the US are set and enforced at the state-level. They require providers to be licensed and to meet a series of minimum standards related to the physical attributes of the setting. As such, regulations are generally acknowledged to govern aspects of "structural" quality, or the observable (and thus measurable) features of a program, classroom, or home that are relatively static across time, children, and providers. The main objective of regulations is to reduce the risk of harm to young children. . . . In particular, regulations attempt to prevent cognitive and social-emotional impairment, physical injury, and the spread of disease. Failure to meet the standards can result in fines or the denial of a license to operate.

Nearly all regulations can be organized into three categories of requirements for providers: health and safety, labor intensiveness, and staff qualifications.<sup>90</sup>

All child care programs must meet minimum federal health and safety requirements, which are then implemented by state agencies through child care licensing and monitoring.<sup>91</sup> As the two child care regulatory entities in the state, DHS and DOE have their own sets of child care rules

Minimum federal requirements for child care providers include health and safety regulations, monitored by DHS and DOE. Each of the state agencies have a set of rules and regulations that must align but aren't required to match each other exactly.

<sup>87</sup> Gilreath 2024.

<sup>88</sup> National Association for the Education of Young Children 2024a.

<sup>89</sup> National Association for the Education of Young Children 2024c.

<sup>90</sup> Herbst 2022.

<sup>91</sup> ChildCare.gov "How Is Child Care Regulated to Ensure Children's Health and Safety?"

DHS' pre-licensing process is extensive and involves trainings and visits from multiple state entities—including a facility plan review and inspection from the State Fire Marshal's Office. Delays throughout this process can prevent child care businesses from opening in a timely fashion.

and regulations that generally align but are not required to exactly match each other. The priority for both departments is the health and safety of children and the quality of care they receive from child care providers—measures that, although important for children's wellbeing, can be costly and burdensome for providers.

### **DHS has a comprehensive pre-licensing process.**

DHS' Child Care Services Program in the Division of Child Care and Community Services is responsible for ensuring the availability and quality of non-school-based private and nonprofit child care facilities. To this end, DHS promulgates rules, regulations, and policies; licenses child care businesses; and in response to federal requirements implements a quality rating system for child care agencies.<sup>92</sup>

Before DHS can issue a child care agency a license the provider must contact DHS's Pre-Licensure Unit and connect with a program specialist. Program specialists work with prospective providers to complete the pre-licensing process. Prospective providers are required to attend orientation training and attend the Small Business Academy training offered through Child Care Resource and Referral (CCR&R), a DHS nonprofit partner. Program specialists help providers navigate obtaining a Federal Employer Identification Number, a use and occupancy permit, a business permit, and background check. Once the provider locates a site for their business (if they hadn't already) the Tennessee Choose Safe Places for Early Care and Education (TNCSP) program in the Tennessee Department of Health checks the potential site for any known environmental hazards that could pose a threat to the children and employees and gives the provider recommendations on ways to mitigate hazards.<sup>93</sup> Following the review by TNCSP, a DHS program specialist visits the location to determine its capacity and identify any safety concerns.<sup>94</sup>

As part of the pre-licensing facility plan review and inspection, the location must also be assessed for fire safety and hazards. As of August 1, 2024, the State Fire Marshal's Office (SFMO) is responsible statewide for reviewing building plans and inspecting child care facilities for DHS licensing purposes. Previously, local fire marshals in 38 cities and six counties had authority to conduct these inspections for child care licensing, though not all of them exercised this authority.<sup>95</sup>

Regulation of extended care programs for school-age children located in public or private schools depends on whether those programs are

<sup>92</sup> Tennessee Department of Human Services "Child Care Payment Assistance."

<sup>93</sup> Tennessee Department of Health "Choose Safe Places for Early Care and Education."

<sup>94</sup> Tennessee Department of Human Services "Procedures for Becoming a Licensed Child Care Agency."

<sup>95</sup> Interview with Christopher Bainbridge, codes enforcement director, Tennessee Department of Commerce & Insurance, July 11, 2024.



administered by the school or an outside entity. In-school programs administered by public or private schools<sup>96</sup> are approved and monitored by DOE.<sup>97</sup> All other in-school extended care programs administered by outside entities are licensed by DHS. DHS licensing requires an additional fire inspection for the portions of a school used for new before and after-school programs. As a result, before- and after-school programs located in schools but operated by outside agencies (such as the YMCA) must pass an additional fire code inspection before opening, but those operated by the school in the same building do not. This can lead to delays in getting approval for programs run by outside agencies and, therefore, prevents these programs from serving families.<sup>98</sup> These school buildings have already been deemed safe enough to house the same age-range of children during their regular school day and the buildings would be deemed safe enough to house the same children in a before- and after-school program if that program were run by the school.

Once the preceding steps have been completed the provider pays the licensing fee, ranging from \$100 to \$500 depending on the type of child care agency and number of children served, and applies for their license.<sup>99</sup> The program specialist assigned to the provider conducts a walk-through of the fully furnished location and upon approval, the local field supervisor and licensing consultant conducts a final walk-through. A provisional license is issued for the agency if it is found to be compliant with all DHS requirements. The provisional license period of 120 days allows a child care agency to operate and demonstrate their ability to attain and maintain all DHS licensing rules and regulations before they are granted a full license.<sup>100</sup>

### **DHS has annual requirements for providers.**

As of 2021 child care agencies do not have to reapply for their license each year or pay an annual application fee, but they must update their agency's information annually. SFMO is responsible for fire safety inspections annually for licensing purposes and the Tennessee Department of Health conducts yearly inspections for sanitation and safety requirements.

To maintain their license child care agencies are evaluated by DHS through the use of the Quality Rating Improvement System (QRIS). Each state receiving federal Child Care and Development Fund dollars is required

DHS' annual requirements for providers includes inspections from the State Fire Marshal's Office and the Tennessee Department of Health.

<sup>96</sup> Plus a small number of programs funded through the Nita M. Lowey 21st Century Community Learning Centers and Lottery for Education Afterschool Programs grants.

<sup>97</sup> Email correspondence with Amy Owen, senior policy director, Tennessee Department of Education, December 12, 2024.

<sup>98</sup> Interview with Brian McLaughlin, senior vice president of operations at YMCA of Memphis and the Mid-South, August 19, 2024.

<sup>99</sup> Rules of the Tennessee Department of Human Services Chapter 1240-04-05.

<sup>100</sup> Rules of the Tennessee Department of Human Services Chapter 1240-04-05 and Tennessee Department of Human Services "Procedures for Becoming a Licensed Child Care Agency."

Quality Rating Improvement System (QRIS) scores allow parents to assess the quality of potential child care options for their children, but they also play a role in the amount of funding a child care agency receives per eligible child.

to use a rating system of the state’s choice to inspect the quality of child care agencies. DHS began to transition from the star rating system to QRIS in 2022. This new rating system, now in effect, requires each licensed agency after they have been in operation for one year to undergo quarterly evaluations by a licensing consultant using the QRIS Observation Tool to assess two broad quality components—health and safety and teacher-child interactions. Each visit has a total possible score of 100 points and agencies’ scores from each of the four visits are averaged together to generate an annual QRIS score. If an agency is found to be in violation of licensing requirements during a quarterly evaluation, points are deducted from their QRIS score and they are subject to fines. The agencies may also be referred to CCR&R for technical assistance and training to assist them in remedying the violation. Agencies are required to display their QRIS report score card along with their license.<sup>101</sup>

The health and safety quality component indicates child care agencies’ compliance with departmental licensing regulations and accounts for 60% of their QRIS score, while the teacher/child interactions quality component accounts for 40% of their QRIS score.<sup>102</sup> Each indicator has a numeric value of one, two, or three. Providers receive a rating of “met” or “unmet” for how well their agency aligns with the expectations listed on the QRIS Observation Tools. To earn the additional points available providers must go beyond the minimum requirements by meeting additional standards. For example, there is no required education qualification for child care center educators unless that educator is the sole educator for the group, in which case the minimum requirement is a high school diploma or its equivalent.<sup>103</sup> An agency meeting this minimum requirement earns one point on their QRIS scorecard. If 50% of an agency’s staff has earned a Child Development Associate (CDA) credential or higher (Associates, Bachelor’s, Master’s, or Doctoral degrees), the agency receives one additional point on their QRIS score, or two additional points if 75% of staff have a CDA or higher.<sup>104</sup> See appendix F for samples of QRIS Observation Tools for each quality component.

QRIS scores allow parents to assess the quality of potential child care options for their children, but they also play a role in the amount of funding a child care agency receives per eligible child. All licensed child care agencies are eligible to receive at least the base rate of reimbursement paid through the Child Care Certificate Program if they contract with DHS to participate in the program. Agencies are eligible to receive bonus payments through the Child Care Certificate Program if they attain a high enough QRIS score. If an agency scores between 80 and 90 they receive the base rate plus 15% of

<sup>101</sup> Rules of the Tennessee Department of Human Services Chapter 1240-04-07.

<sup>102</sup> Rules of the Tennessee Department of Human Services Chapter 1240-04-01.

<sup>103</sup> Ibid.

<sup>104</sup> Ibid.

the base rate as a bonus payment, and a score between 90 and 100 rewards agencies with the base rate plus 20% of the base rate as a bonus payment.<sup>105</sup>

The QRIS system isn't unique to Tennessee, but the frequency of visits sets us apart from most other states. Tennessee child care agencies are inspected four times a year, while eight states inspect licensed child care businesses twice a year. Thirty states evaluate businesses once a year and California evaluates them three times a year.<sup>106</sup> It should however be noted that Tennessee combines inspection visits and quality rating visits, and some other states conduct quality rating visits separately.<sup>107</sup>

The switch from the star quality rating system to QRIS was intended to give child care providers quality of care standards to aspire to. Some providers said the system affords them the opportunity to grow as a business and strive for the highest quality of care, while others said that the new system has not improved but rather confused their understanding of DHS licensing regulations. Focus group respondents shared their frustration with what they deemed to be subjective or overly complicated evaluation criteria during QRIS visits.<sup>108</sup> One example described independently by several child care providers was—in their words—getting point reductions for bleach-water and wipes not being locked away when the DHS licensing rules say that these items must be “out of reach” and do not specify “locked away.”<sup>109</sup> In west Tennessee, one provider described losing points on each QRIS visit because the doorknobs in her agency's building are not compliant with the federal Americans with Disabilities Act, an issue that she can't fix because she leases the space used for her business.<sup>110</sup>

Focus group discussions with child care directors and interviews with other stakeholders suggest that more opportunities are needed for providers to share feedback with DHS staff. DHS had held regional meetings in the past to educate providers about rules and regulations and would benefit from feedback regarding inconsistent enforcement and confusion among providers. Additionally, stakeholders told commission staff that building code and fire safety requirements are frequently the source of confusion and delay during the pre-licensing process. While the SFMO is responsible at the state level for ensuring child care facilities meet fire code requirements for DHS licensing, local inspectors sometimes hold up projects with additional requirements that owners weren't aware of.

The switch from the star rating system to the QRIS in 2022 was designed to help child care providers reach higher standards of care. Focus group discussions with providers revealed that they are frustrated with the enforcement of the new system and need more communication with DHS.

<sup>105</sup> Ibid.

<sup>106</sup> USA Facts 2023.

<sup>107</sup> Phone conversation with Dana Glenn, director of licensing, Tennessee Department of Human Services, November 22, 2024.

<sup>108</sup> Focus group discussion with providers in Upper Cumberland Development District, July 25, 2024; Nashville and Davidson County, August 28, 2024; Chattanooga and Hamilton County, September 9, 2024; West Tennessee, October 28, 2024; Memphis and Shelby County, October 29, 2024.

<sup>109</sup> Focus group discussion with providers in Nashville and Davidson County, August 28, 2024.

<sup>110</sup> Focus group discussion with providers in West Tennessee, October 28, 2024.

Child-to-staff ratios are determined by DHS and vary based on group size and age range. Tennessee's child-to-staff ratios are comparable to other states.

### DHS rules and regulations specify child-to-staff ratios for different age groups and settings.

Research has shown that children in early childhood education settings with smaller groups and lower child-to-staff ratios benefit from more stimulating and responsive care, and increased verbal interactions with their caregivers. These interactions help foster secure attachments essential for socioemotional well-being and future relationship building by increasing opportunities for one-on-one interactions and meaningful peer relations. Additionally, smaller group sizes and lower ratios are linked to positive developmental outcomes, including higher social competence, communication skills, and cognitive development.<sup>111</sup>

The number of adults that must be present at any given time when caring for children in a DHS-licensed child care agency varies depending on the type of agency, the setting of care, the variety of age groups present in a setting, and the training level of child care staff. Variations in child care ratios can also occur during the first and last hour of the day.<sup>112</sup>

Child care homes in Tennessee must maintain the following ratios:

- Seven or fewer total children, no more than four under age two: one adult educator is allowed.
- Seven or fewer total children, five or more under age two: two adult educators required.
- More than seven total children, no more than four under age two: two adult educators required.
- More than seven total children, five or more under age two: three adult educators required.
- Four or more infants/toddlers requires a separate distinct space with their own educator.<sup>113</sup>

Child care centers in Tennessee are subject to a different set of ratios:

- Infants (six weeks up to 15 months) require a 4:1 ratio and no more than eight to a group/designated classroom.
- Toddlers (13 months to 36 months) require a 6:1 ratio and no more than 12 to a group/designated classroom.
- Rooms with older toddlers 24 months to 36 months (none 13 months to 23 months) can be 8:1 and 16 to a group.
- A room for 2-1/2 to 5-year-olds can be 11:1 with 20 to the group.
- A room for 3 to 5-year-olds can be 13:1 with 22 to the group.<sup>114</sup>

<sup>111</sup> ChildCare Aware of Minnesota 2022 and Child Care Capacity Building Center 2017.

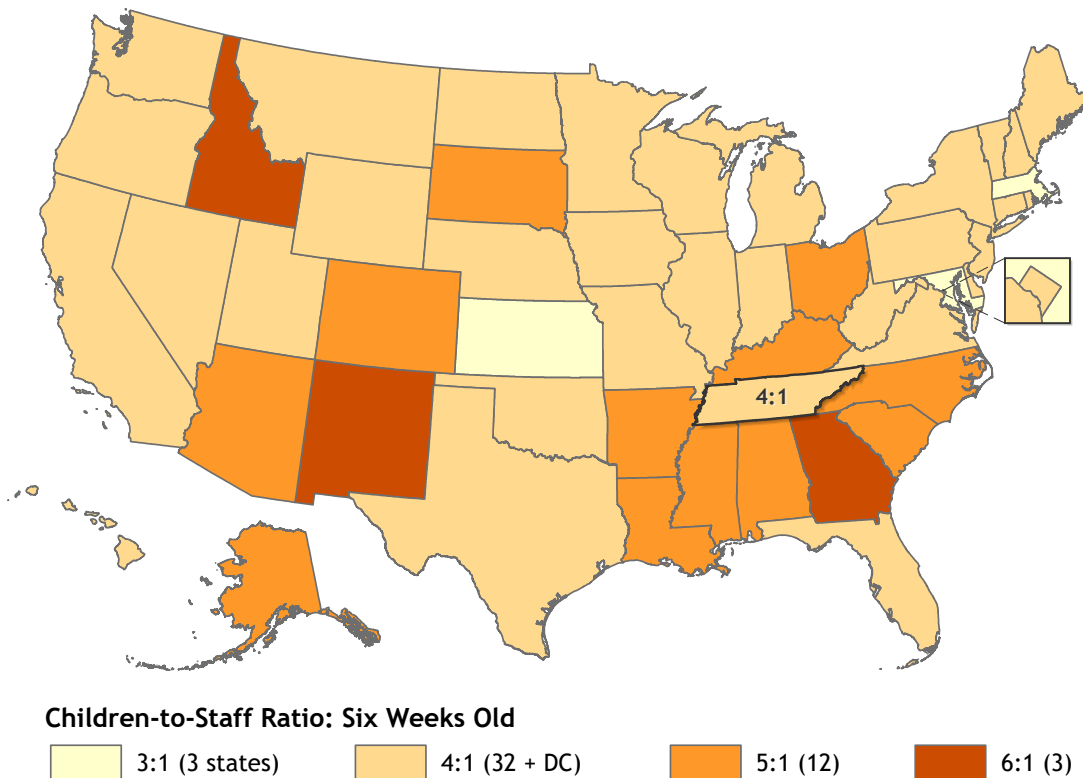
<sup>112</sup> Rules of the Tennessee Department of Human Services Chapter 1240-04-01.

<sup>113</sup> Ibid.

<sup>114</sup> Ibid.

For infants, the most expensive age group for child care, the federal government recommends a 3:1 ratio for children up to 12 months old<sup>115</sup>—Kansas, Maryland, and Massachusetts are the only three states that match this ratio. A ratio of 4:1 is most common for children aged six weeks to 11 months across the country, found in 32 states—including Tennessee—and the District of Columbia. Twelve states allow a ratio of 5:1 for infants, and three—Georgia, Idaho, and New Mexico—double the federally recommended ratio at 6:1. See map 7.

**Map 7. Children-to-Staff Ratios: Six Weeks Old**

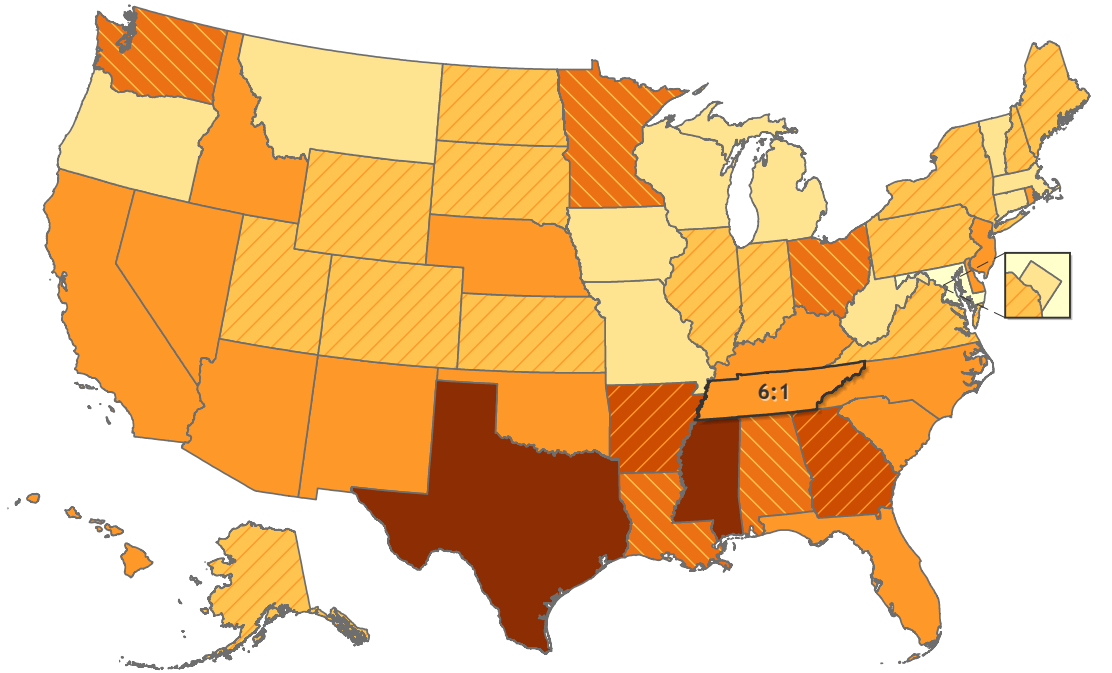


Source: US Department of Health and Human Services, Administration for Children and Families. Data compiled from child licensing regulations posted in the National Database of Child Care Licensing Regulations.

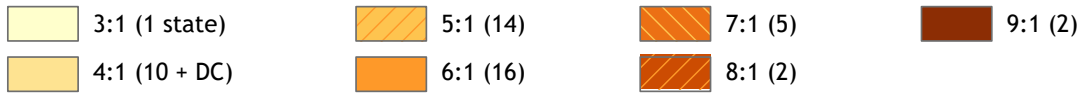
Child-adult ratios are slightly more relaxed when it comes to caring for young toddlers rather than infants and vary greatly across the US. The federal government recommends a ratio of 4:1 when caring for children up to 35 months old, which is met by 11 states and the District of Columbia. In Tennessee the ratio for children 18 months old is 6:1—a practice shared in 15 other states. See map 8. The recommended ratio for three-year-olds per adult is 7:1. Tennessee allows a 9:1 ratio, lower than ratios in 43 other states. See map 9.

<sup>115</sup> ChildCare.gov "Supervision: Ratios and Group Size."

Map 8. Children-to-Staff Ratios: 18 Months Old

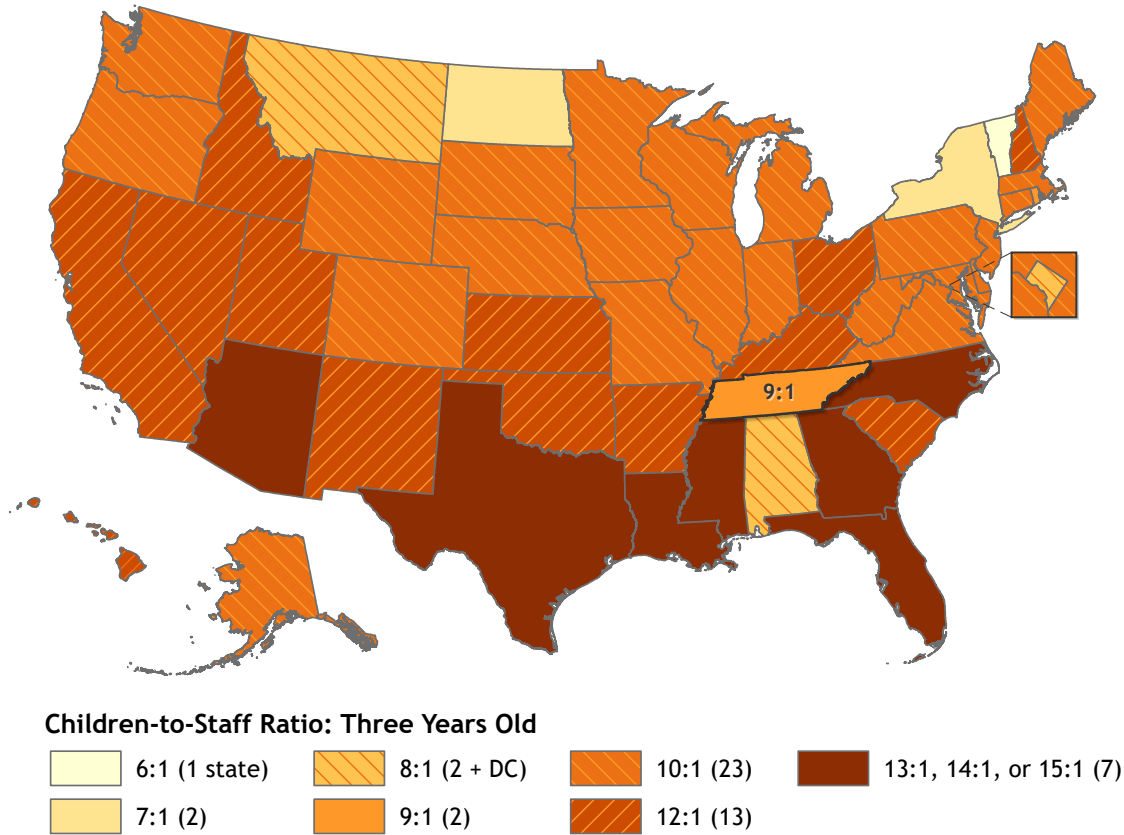


Children-to-Staff Ratio: 18 Months Old



Source: US Department of Health and Human Services, Administration for Children and Families. Data compiled from child licensing regulations posted in the National Database of Child Care Licensing Regulations.

**Map 9. Children-to-Staff Ratios: Three Years Old**



Source: US Department of Health and Human Services, Administration for Children and Families. Data compiled from child licensing regulations posted in the National Database of Child Care Licensing Regulations.

Recommended ratios continue to increase for older children. The federal government recommends a ratio of 8:1 for four- and five-year-olds. Only New York sets an 8:1 ratio for four-year-olds; 18 states allow 10:1 and 14 states allow 12:1. Tennessee allows a 13:1 ratio for four-year-olds, and ratios are higher in 15 states. No state requires the recommended 8:1 ratio for five-year-olds. Thirteen states have a ratio of 15:1 for five-year-olds. Tennessee and Missouri allow 16:1, and ratios are higher in 17 states.<sup>116</sup>

In response to growing need for child care slots, some states have proposed changes to their adult to child ratios to allow more families the opportunity to receive child care. In 2024, Kansas proposed adjusting their definition of infant from 18 months to one year old, which would increase the number of toddlers a child care provider could take in.<sup>117</sup> Similarly, in Connecticut, adult to child ratios for two-year-olds have been expanded so

<sup>116</sup> US Department of Health and Human Services, Administration for Children and Families. Data compiled from child licensing regulations posted in the National Database of Child Care Licensing Regulations.

<sup>117</sup> Mesa 2024.

Meeting building and fire codes can cause delays and increase costs for child care businesses.

that programs must have at least one staff member for every five two-year-old children in attendance.<sup>118</sup>

**Building and fire codes are necessary for safety, but approvals and inspections from state and local authorities can add cost and cause delays.**

The process of complying with building codes and fire codes for child care facilities often leads to a delay in opening centers and can increase costs given expenses accruing while no income is received.<sup>119</sup> The State Fire Marshal's Office (SFMO) is responsible for establishing and enforcing minimum statewide building construction safety standards in Tennessee.<sup>120</sup> In 2016, the state adopted the 2012 edition of the International Building Code (IBC), which remains in effect.<sup>121</sup>

Chapter 3 of the IBC classifies structures (buildings) into use and occupancy groups. Institutional Group I occupancy includes buildings "in which care or supervision is provided to persons who are or are not capable of self-preservation without physical assistance." More specifically, Group I-4 applies to "buildings and structures occupied by more than five persons of any age who receive custodial care for fewer than 24 hours per day by persons other than parents or guardians, relatives by blood, marriage or adoption, and in a place other than the home of the person cared for." The code differentiates between *custodial care*—where occupants require assistance and "evacuate at a slower rate"—and *personal care*, which "involves responsibility for the safety" of people in a building through supervision, but those people are "capable of self-preservation." This difference allows "buildings and structures or portions thereof occupied by more than five children older than 2-1/2 years of age who receive educational, supervision or personal care services for fewer than 24 hours per day" to be classified as Educational Group E, which is less restrictive than Group I.<sup>122</sup>

*Local jurisdictions are authorized to adopt codes that are stricter than those adopted statewide.*<sup>123</sup>

In 2022, the Tennessee Court of Appeals affirmed local municipalities' authority to adopt more stringent building standards than those adopted

<sup>118</sup> Connecticut Office of Early Childhood "Q & A: New Ratio and Group Size Regulations for 2-Year-Olds in a Child care center or group child care home."

<sup>119</sup> Focus group discussion with providers in Upper Cumberland Development District, July 25, 2024; Nashville and Davidson County, August 28, 2024; Chattanooga and Hamilton County, September 9, 2024; West Tennessee, October 28, 2024; Memphis and Shelby County, October 29, 2024.

<sup>120</sup> Tennessee Code Annotated, Section 68-120-101.

<sup>121</sup> Tennessee Department of Commerce & Insurance 2021.

<sup>122</sup> International Code Council 2011.

<sup>123</sup> Tennessee Code Annotated, Section 68-120-101.



by the SFMO.<sup>124</sup> The most commonly adopted additional local requirement pertaining to child care facilities is for sprinklers to be installed in buildings where the state-adopted code would not otherwise require them. Under the state-adopted code, child day care facilities under 12,000 square feet that serve fewer than 100 children, where classrooms are at ground level and each have an exterior exit door, do not typically require a sprinkler system.<sup>125</sup> However Gallatin and Nolensville, for example, have codes requiring sprinklers for facilities under 12,000 feet.<sup>126</sup> Ashland City has required sprinklers in all new buildings since 2004.<sup>127</sup> Farragut and Shelby County (excluding Memphis) require sprinklers in buildings over 5,000 and 7,000 square feet, respectively.<sup>128</sup> Knox County adopted an ordinance in 2018 to require sprinklers in any day care facility with seven or more children.<sup>129</sup> However, the county found that requirement to be unnecessarily restrictive, and it was repealed in May 2023.<sup>130</sup>

Besides sprinkler requirements, local jurisdictions can adopt other types of code amendments if building and fire officials believe there are life safety concerns specific to their local communities. For example, the National Fire Protection Association Life Safety Code as adopted by the SFMO does not require fire suppression systems when commercial occupancies (e.g. a child care center) use residential cooking appliances for limited cooking and food warming.<sup>131</sup> The City of Memphis, however, has determined that even a residential stovetop in a commercial kitchen is too potentially hazardous not to require a fire suppression system. Memphis has adopted the 2021 edition of the International Fire Code and expanded its definition of “commercial cooking” to include the use of a single domestic cooktop/range in any business occupancy and requires that an automatic fire-extinguishing system be approved and installed.<sup>132</sup>

<sup>124</sup> *State ex rel. Shaw Enters., LLC v. Town of Thompson's Station*, 2022 Tenn. App. LEXIS 139.

<sup>125</sup> 2012 International Building Code, Section 308.6.1 allows “a child day care facility that provides care for more than five but no more than 100 children 2-1/2 years of age or less, where the rooms in which the children are cared for are located on a level of exit discharge serving such rooms and each of these child care rooms has an exit directly to the exterior” to be classified as Group E instead of Group I-4. Section 903.2.3 only requires an automatic sprinkler system in Group E occupancies where there is a fire area greater than 12,000 square feet.

<sup>126</sup> Gallatin Code of Ordinances, Section 5-58(a)(7), and Nolensville Code of Ordinances, Section 7-303(1).

<sup>127</sup> Ordinance #295, December 14, 2004.

<sup>128</sup> Farragut Code of Ordinances, Section 105-20(f), and Shelby County Code of Ordinances, Section 22-20, as amended by Ordinance No. 531.

<sup>129</sup> Ordinance O-18-10-101 adopting the 2018 International Building Codes and 2018 Life Safety Code with amendments, November 19, 2018.

<sup>130</sup> Ordinance O-23-4-101, Section 7. Email correspondence with Bart Roundtree, Knox County plans examiner, September 3, 2024.

<sup>131</sup> Life Safety Code (NFPA 101) 16/17.3.2.5.

<sup>132</sup> Email correspondence with Angelo Lamar, assistant fire marshal, Memphis, November 7, 2024.

The State Fire Marshal's Office is responsible for the statewide reviewing of new child care building plans and inspection of child care facilities licensed by DHS, and local officials are responsible for administering certificates of occupancy.

*The State Fire Marshal and local officials each have responsibilities to review building plans and conduct fire safety inspections.*

Any construction of educational or daycare facilities in any jurisdiction requires that plans be submitted to the SFMO for review.<sup>133</sup> As of August 1, 2024, the SFMO is now responsible statewide for reviewing building plans and inspecting child care facilities for DHS licensing purposes. Previously, local fire marshals in 38 cities and six counties had authority to conduct these inspections for child care licensing, though not all of them exercised this authority. In communities with locally adopted building and fire codes, local fire marshals continue to perform local, non-licensing plans review and inspections to ensure compliance with these codes and to ensure local fire departments are familiar with the buildings when responding to emergencies. Both approvals—state approval for DHS licensing and local approval for obtaining certificate of occupancy—are required.

The IBC also includes administrative rules for building departments and requirements for plans and building permits.<sup>134</sup> While the SFMO has established a limited plan review process for child care facilities under 5,000 square feet in area that serve less than 100 children, local governments can have their own requirements.<sup>135</sup> Child care owners are sometimes required by local codes to have more detailed plans prepared by an architect than what is required by the SFMO.

### **Local zoning determines where child care facilities can be located.**

Zoning ordinances determine where any type of business, including child care facilities, is permitted to locate. Local jurisdictions should maintain the right to determine appropriate zoning for their communities, but when faced with a shortage of child care providers in their community, local planning officials may want to consider how their zoning ordinances may restrict opportunities for child care businesses. Restrictive zoning laws “unintentionally drive-up costs and reduce supply, but do not impact a program’s quality or safety. In some cities or counties, zoning laws restrict the hours child care programs may operate. Family child care programs may struggle to obtain costly zoning permits or business licenses or may be prohibited by Homeowner Associations (HOAs) from establishing their business at all.”<sup>136</sup>

<sup>133</sup> Rules of the Department of Commerce & Insurance Division of Fire Protection, Chapter 0780-02-03.

<sup>134</sup> International Code Council 2011. Section 104: Duties and Power of Building Official; Section 105: Permits; Section 107: Submittal Documents.

<sup>135</sup> Tennessee Department of Commerce & Insurance “Day Care Limited Review of Plans.”

<sup>136</sup> Child Care Aware of America “For Our Youngest Learners, We Cannot Compromise Health and Safety.”

In many jurisdictions across Tennessee, family and group child care homes are not permitted in residential zones. Some jurisdictions permit schools and churches—which have a similar impact on neighboring uses as child care does—in more zones than they do child care. Some cities require special exceptions for child care where schools are permitted by right. Requiring special zoning exception or appeal adds cost and delays approval. There are also instances where local zoning ordinances establish stricter requirements than DHS licensing standards require. For example, DHS establishes minimum requirements for child care indoor and outdoor space that help determine a facility's licensed capacity. But some local zoning ordinances include minimum outdoor play areas that exceed DHS requirements, which can exclude the use of certain properties that would otherwise be able to be used for child care centers and can increase the costs to open centers by forcing them to locate on larger lots.<sup>137</sup>

The American Planning Association (APA) advocates for the inclusion of child care policies as part of local planning policies. The organization supports local or state legislation which provides for small child care homes as permitted land uses in all zoning districts, without the standard home occupation restrictions, but with reasonable compatibility standards. APA encourages communities to consider amending local zoning ordinances to remove obstacles to the provision of regulated group and family child care in all zoning districts, in locations that are appropriate and safe for children.<sup>138</sup>

### **States are required to report health and safety violations at child care facilities.**

Since 2014 the federal government has required states to annually report how many children have been injured or have died in child care programs. Prior to 2014, states were not required to report this data or perform background checks, but the reauthorization of the CCDBG instituted these safety requirements. Eight states are operating out of compliance with this reporting requirement by not reporting portions of information or not updating their information. Tennessee currently stands in compliance with these federal regulations and reports the number of deaths, serious injuries, and substantiated cases of abuse that have occurred in the state. The most recent report shows that there was one death of a child at a child care agency in 2022.<sup>139</sup>

The health and safety of children in child care settings is of the utmost importance, and fortunately, cases of child injuries or mistreatment in child care settings is low. Out of 512,077 child victims of maltreatment

Children's health and safety are the top priority for child care providers and cases of child injuries or mistreatment in child care settings is low.

<sup>137</sup> Commission staff researched zoning ordinances in Tennessee's four largest cities, as well as a sampling of suburban and rural cities and towns from each Grand Division.

<sup>138</sup> American Planning Association 1997.

<sup>139</sup> Carrazana 2024.

Enhancement grants offer reimbursement funds to help child care businesses expand, increase capacity, reach higher standards of quality, or assist providers in meeting state licensing standards.

across 48 states, roughly 3,000 cases involved a perpetrator from child care agencies or group home staff—less than 1%.<sup>140</sup> In federal fiscal year 2023, the Tennessee Department of Children's Services (DCS) substantiated 11 allegations of child abuse—six at licensed child care providers and five at unlicensed child care providers determined to be operating illegally. An additional six cases are pending a final determination by DCS upon completion of their investigation process. No fatalities were reported at regulated providers, though DHS investigated three child fatalities at unlicensed child care providers determined to be operating illegally.<sup>141</sup>

### ***DHS provides child care grants to assist child care operators.***

Both Tennessee state government and the federal government have taken steps to encourage the establishment and expansion of child care businesses. For example, DHS in partnership with the Community Foundation of Middle Tennessee offers enhancement grants across the state up to \$4,000 to support quality improvement and establishment/enhancement grants of up to \$1,000 per slot—based upon program design—of new or expanded licensed capacity. DHS Child Care Enhancement Grants are designed to help agencies increase capacity, strengthen quality, or promote compliance with state licensing standards. Additional supplemental amounts are sometimes awarded alongside the \$4,000 grant, based on certain criteria (see table 5 for more information about this grant opportunity). The enhancement grant can be used to reimburse providers for approved purchases of equipment, supplies, materials, and curriculum. Though focus group participants shared challenges they faced when navigating the licensing process, many said that DHS grants and supports allowed them to open or expand their businesses. One provider said that the establishment grant from DHS was invaluable and very helpful for new and existing child care centers.<sup>142</sup>

<sup>140</sup> US Department of Health and Human Services, Administration of Children and Families 2022.

<sup>141</sup> Tennessee Department of Human Services 2023.

<sup>142</sup> Interview with a child care director.

**Table 5. Supplemental Amount Eligibility for the DHS Enhancement Grant**

Eligibility Criteria	Additional Supplemental Amount
Physically operating in one of Tennessee’s economically distressed counties	Eligible for an additional \$1,000.00
Completed Infant and Toddler Specialization verified by CCR&R	Eligible for an additional \$1,000.00
Seeking national accreditation through either the National Association for the Education of Young Children (NAEYC), or National Early Childhood Program Accreditation (NECPA)	Eligible for an additional \$1,000.00
Participation in the Child Care Certificate Program and meeting all criteria under the contract	Eligible for an additional \$1,000.00
Referral by the State for compliance or remediation of deficiencies	Eligible for an additional \$1,000.00
Seeking to enhance safety and security	Can apply for up to \$4,000.00

Source: Tennessee Department of Human Services, “Child Care Incentives, Grants, and Supports.”

### ***DHS encourages shared services.***

DHS encourages shared services for child care operators, including resources like business management tools, human resources tools, program administration tools, and classroom resources, made available to child care providers at no cost through [ChildcareTennessee.com](http://ChildcareTennessee.com), an online resource that aligns with state requirements. DHS licensed child care agencies have access to shared services including bulk purchasing at discounted prices.<sup>143</sup>

To keep costs low and increase chances of success, there are some organizations and child care agencies working in partnership to offer a shared services model. NEXT Memphis in Shelby County is part of a shared services model with over 30 other organizations and is working to increase the services they can offer to child care businesses and their employees. This model offers support in a variety of ways, like providing staff to help new child care businesses increase their potential for success, providing coaches for every site to help with student and teacher assessments, and in general making sure each site has the resources they need to be successful.<sup>144</sup> DHS has supported the initiative through the 2Gen program, which focuses on addressing multigenerational poverty.<sup>145</sup>

The Child Care Hub Partnership is a shared services initiative by St. Mary Villa in Nashville, supported by the Nashville Early Education Coalition.

<sup>143</sup> [ChildcareTennessee.com](http://ChildcareTennessee.com).

<sup>144</sup> Interview with Alicia Norman, director, NEXT Memphis, Terri Oliver, business coach, NEXT Memphis, Sean Lee, president, Porter-Leath, and Candace Tate, program coordinator, NEXT Memphis, July 24, 2024.

<sup>145</sup> NEXT Memphis “2022 – 2023 Annual Report.”

Some child care businesses and organizations use a shared services model to keep costs low and increase the likelihood of success, a practice encouraged by DHS.

In Tennessee's rapidly growing communities, there are limited property vacancies available for child care providers to establish their businesses. Vacant and surplus Local Education Agencies (LEA) properties could offer a solution.

The goal is to expand quality childcare access in Davidson County through a centralized hub model. With a \$1.93 million grant from DHS, the Partnership is working to create sustainable, accessible, high-quality childcare options for families across Nashville. The Partnership offers centralized support for curriculum and staff development; is working to identify and support new sites for child care programs; and is working to streamline administrative functions such as human resources, marketing, accounting, and curriculum management at multiple childcare locations.<sup>146</sup> Focus group participants throughout the state expressed interest in expanding or developing a shared services model for child care agencies in their area.<sup>147</sup>

DHS annually funds the CCR&R, which works to ensure Tennessee families, child care professionals, and care providers are "equipped with everything needed to provide the children under their care the best possible start in life." CCR&R serves Tennessee through sites across the state that provide administrative, technical, business, and developmental coaching and training for child care operators and professionals.<sup>148</sup>

### ***Vacant and surplus properties could be used for child care.***

The building, leasing, and purchase of facilities to be used for child care can be expensive. Real estate is especially expensive in Tennessee's most rapidly growing communities and appropriate facilities can be difficult to find. Other education-sector entities—in particular public charter schools—have encountered similar issues. To help facilitate solutions for these charter schools, Tennessee Code Annotated, Section 49-13-136(c) requires local education agencies (LEAs) to inventory their underutilized or vacant properties annually and make them available for use by public charter schools for at least one year after the property has been listed in the inventory. "Available for use" means offering the properties for sale or lease to charter schools within the LEA. The LEA is required to make the property available at or below "fair market value for educational purposes."

### ***Eliminating business taxes for child care businesses could incentivize investment and reinvestment.***

Additional state support of child care businesses could help offset some of these costs, making it easier for child care operators to stay in business or expand. Tennessee Code Annotated, Section 67-4-708, lists 16 types

<sup>146</sup> Tennesseans for Quality Early Education "Bright Start ALIGN Huddle Topics."

<sup>147</sup> Focus group discussion with providers in Nashville and Davidson County, August 28, 2024; Chattanooga and Hamilton County, September 9, 2024; West Tennessee, October 28, 2024; Memphis and Shelby County, October 29, 2024.

<sup>148</sup> Tennessee Child Care Resource and Referral "Our Purpose."

of service-sector businesses that are exempt from paying the state's business tax on gross sales. Educational services "offered by elementary and secondary schools, colleges, universities, professional schools and junior colleges, library and information centers, correspondence schools, vocational schools and specialized nondegree granting schools" are exempt, but child care (i.e. early childhood education) is not.

Cutting taxes for child care businesses would allow them to direct more resources toward staff and other expenses. The Tennessee Department of Revenue estimates 400 to 500 child care businesses paid the business tax in each of the past three years. The average yearly tax expense for those firms was \$1,925. An exemption could reduce general fund revenue by \$350,000 to \$400,000 annually. Counties and cities with taxpaying child care businesses would stand to lose a collective \$500,000 annually.<sup>149</sup>

At the commission's December 2024 meeting, members discussed the use of tax credits to help companies provide child care. Commission member Mayor Anderson said tax assistance for child care business owners—similar to tax assistance programs for veterans and persons with disabilities—might be possible. If the state decided to explore this, consideration of which businesses would be eligible would require additional research. If property tax assistance for child care businesses was considered, change in state law would be required.

### ***Hiring and retaining workers is a challenge for child care businesses.***

In 2022, the final report of the Tennessee Child Care Task Force concluded

There is an early care and education workforce and pipeline shortage that prevents programs from meeting full enrollment, as well as the expansion of early learning programs.<sup>150</sup>

Child care workforce retention has been a national concern for decades. Although child care is difficult and important work—low wages, limited benefits, and lack of incentives lead to child care workforce instability. In 1989, the National Child Care Staffing Study (NCCSS) shed light on the low wages and high turnover among early childhood teaching staff as well as the resulting adverse consequences on children. Since that time, wages for child care workers have not risen at as high a rate as the cost of child care.<sup>151</sup>

<sup>149</sup> Email correspondence with Jeff Bjarke, research director, Tennessee Department of Revenue, November 18, 2024. Commission staff analysis of estimates provided.

<sup>150</sup> Public Consulting Group 2022.

<sup>151</sup> Whitebook, Phillips, and Howes 2014.

Though many education services are exempt from paying the state's business tax, child care services are not.

Child care businesses struggle to recruit and retain staff members, citing difficulty meeting the competitive wages of other businesses.

High turnover rates and difficulties with recruitment are not unique to the child care industry.<sup>152</sup> National data shows the emergency medical services field experiencing increasing turnover rates since 2019, especially in urban and suburban areas. Nearly two-thirds (65%) of agencies report a decrease in new applications to fill these roles.<sup>153</sup> A shortage of workers and difficulty hiring in the waste management industry also continues to affect solid waste and recycling collection services.<sup>154</sup>

Similarly, following the COVID-19 pandemic law enforcement agencies reported historic numbers of police officers resigning and retiring from the field and a decline in new officers being hired. In 2023—for the first time since 2019—more officers were sworn in at agencies across the United States; fewer officers resigned and retired overall as well. Pay increases, sign-on bonuses, and relaxed hiring practices are believed to have contributed to the increase in many large departments.<sup>155</sup>

Child care business owners in Tennessee say they are concerned about attracting and retaining workers because of low wages—raising wages would require raising prices, which families in their communities cannot afford.<sup>156</sup> According to data from the US Department of Labor, US families spent between 8.9% and 16% of their median income—depending on location—on full-day child care for one child in 2022.<sup>157</sup> The major cost driver for any child care facility is teacher compensation and wages for child care workers are among the lowest of all sectors.<sup>158</sup> Multiple child care directors told commission staff that they are losing workers to retail establishments such as Target and Walmart and to fast-food restaurants such as McDonald’s and Chick-fil-a.<sup>159</sup>

According to 2023 OES data, child care workers nationally, on average, earned \$31,202 annually, with a minimum annual mean wage of \$22,620 in Mississippi, and a maximum mean wage of \$40,720 in Washington state. In 2023, the annual mean wage for a child care worker in Tennessee was \$27,480 (\$13.21/hour) with 11,620 employed child care workers in the state.<sup>160</sup> Preschool teachers in Tennessee had an annual median wage of \$35,500 (\$17/hour) in the same year with 5,270 employed preschool

<sup>152</sup> National Association of Emergency Medical Technicians 2023.

<sup>153</sup> Solid Waste Association of North America 2022.

<sup>154</sup> Police Executive Research Forum 2024.

<sup>155</sup> Lauer 2024.

<sup>156</sup> Focus group discussion with providers in West Tennessee, October 28, 2024.

<sup>157</sup> Poyatzis and Livingston 2024.

<sup>158</sup> Interview with Blair Taylor, founder president and CEO, and Rebecca Woods, vice president of governmental relations, Tennesseans for Quality Early Education, May 8, 2024.

<sup>159</sup> Interviews with Heather Hicks, chief officer of statewide initiatives, and Jennifer Tedder, Director Child Care WAGE\$ Tennessee, June 13, 2024; Focus group discussion with child care providers in Upper Cumberland Development District, July 25, 2024; Interview with Cynthia Osborne, executive director, and Jennifer Huffman, director of research Prenatal to 3 Policy Center, July 29, 2024; Focus group discussion with child care providers in Nashville and Davidson County, August 28, 2024.

<sup>160</sup> US Bureau of Labor Statistics 2024.



teachers (except special education) in the state. See a state comparison of annual mean wages for child care workers in table 6.

**Table 6. State Annual Mean Wages for Child Care Workers**

State	Annual Mean Wage*	State	Annual Mean Wage*
Alabama	\$23,770	Montana	\$29,830
Alaska	\$37,100	Nebraska	\$29,260
Arizona	\$37,040	Nevada	\$30,050
Arkansas	\$27,940	New Hampshire	\$32,310
California	\$40,060	New Jersey	\$34,280
Colorado	\$38,240	New Mexico	\$30,250
Connecticut	\$35,220	New York	\$37,970
Delaware	\$29,340	North Carolina	\$29,540
Florida	\$32,370	North Dakota	\$30,510
Georgia	\$27,940	Ohio	\$29,020
Hawaii	\$36,220	Oklahoma	\$26,010
Idaho	\$28,040	Oregon	\$36,350
Illinois	\$33,960	Pennsylvania	\$29,480
Indiana	\$29,290	Rhode Island	\$34,550
Iowa	\$26,250	South Carolina	\$27,750
Kansas	\$27,400	South Dakota	\$26,420
Kentucky	\$27,510	Tennessee	\$27,480
Louisiana	\$23,670	Texas	\$29,450
Maine	\$34,150	Utah	\$29,790
Maryland	\$34,410	Vermont	\$36,940
Massachusetts	\$40,600	Virginia	\$32,050
Michigan	\$30,470	Washington	\$40,720
Minnesota	\$33,190	West Virginia	\$23,630
Mississippi	\$22,620	Wisconsin	\$29,340
Missouri	\$30,270	Wyoming	\$30,050

\*Annual wages calculated by multiplying corresponding hourly wage by 2,080 hours.

Source: Bureau of Labor Statistics Occupational Employment and Wage Statistics 2023 Report.

Child care workers in Tennessee earn an average annual wage of \$27,480 or around \$13 per hour.

**Most child care workers are women, and many have children of their own.**

Compounding the challenges of low wages and minimal benefits, the child care workforce has historically been comprised of mostly women, who may have children themselves. Tennessee’s child care workforce is overwhelmingly (92%) female.<sup>161</sup> Half of the child care and early education workforce live in a home with children. More than one in four live with a

<sup>161</sup> US Census Bureau 2018.

Sixty percent (217 of 364) of respondents said their agency offers free or reduced-cost child care to employees.

child under six.<sup>162</sup> Nationally, 28% of child care workers and 41% of pre-Kindergarten or Kindergarten teachers are parents, comparable to workers in all sectors (32%). There are more single parents in child care and pre-Kindergarten/Kindergarten (11% and 13%, respectively) than in other jobs (8% overall).<sup>163</sup>

As part of researching the feasibility and effects of implementing a program to cover the cost of child care for child care workers, commission staff included a question on the survey about free or reduced-cost child care to employees. Sixty percent (217 of 364) of respondents said their agency offers free or reduced-cost child care to employees.

### **DHS funds the Child Care WAGE\$ Tennessee program with federal CCDF dollars.**

Tennessee state government is actively involved in supporting the recruitment and retention of child care workers through funding the Child Care WAGE\$ Tennessee program. WAGE\$ is an education-based salary supplement program with three primary goals: 1) reduce turnover in child care facilities; 2) address the low pay of educators working in the early childhood field; and 3) reward educators for higher education. By increasing teacher retention, WAGE\$ provides children with more stable relationships and education, both of which have been proven beneficial to early childhood development. WAGE\$ is implemented by Signal Centers—a nonprofit whose mission is “to strengthen children, adults and families through services focusing on disabilities, early childhood education and self-sufficiency.”<sup>164</sup>

WAGE\$ provides early childhood educators with incentives based on their higher education and continuity of employment. WAGE\$ addresses individual professional development efforts and low wages, but does not affect budgets, regular wages, or parent fees within the child care program. Depending on how many early childhood college credits an educator has completed, WAGE\$ direct deposits an annual award, issued in two parts, directly to the educator. To qualify for the WAGE\$ program, educators must work in a DHS- licensed child care facility, work in their facility for at least six months, make \$20 per hour or less, have at least six credit hours of early childhood college coursework or a bachelor’s degree in an any field (from a regionally accredited college), and work at least 10 hours per week with children birth to five years old.<sup>165</sup> As of December 5, 2024, 1,649 child care workers were active in the WAGE\$ program and over 4,000 educators

<sup>162</sup> Tennessee Commission on Children and Youth 2023a.

<sup>163</sup> Lepage 2023.

<sup>164</sup> Child Care WAGE\$ Tennessee “How it works.”

<sup>165</sup> Ibid.

had ever participated.<sup>166</sup> Supplements are dependent on the educator staying employed at their current facility and are reliant on the educator continuing their education, with a requirement that the educator must move up to a higher education level within two years to continue receiving annual payments. Educators who meet those criteria can qualify at one of 10 levels which can be seen in table 7.

**Table 7. Level of Education Required to Receive Annual WAGE\$ Supplement**

Level	Education Required	Annual Supplement**
Level 1*	6 credit hours in early childhood education	\$ 600
Level 2*	National CDA (course credit or training hours) <i>or</i> 12 early childhood education credit hours <i>or</i> Basics in Early Childhood Technical Certificate	\$ 800
Level 3*	18 hours early childhood credit hours <i>or</i> Infant and Toddler Technical Certificate <i>or</i> Early Childhood Education Technical Certificate <i>or</i> 24 credit hours of general education with at least 12 in early childhood education	\$ 1,350
Level 4*	36 credit hours of general education plus or including 18 in early childhood education	\$ 2,100
Level 5*	50 credit hours of general education plus or including 24 in early childhood education	\$ 2,850
Level 6*	60 credit hours of general education plus or including 30 in early childhood education	\$ 3,300
Level 7*	Bachelor's or master's degree with fewer than 12 credit hours in early childhood education <i>or</i>	\$ 3,750
Level 7	Associate Degree plus or including at least 24 credit hours in early childhood education	
Level 8	90 credits toward bachelor's degree plus or including at least 18 credit hours in early childhood education <i>or</i> Bachelor's Degree plus or including at least 12 credit hours in early childhood education	\$ 4,050

<sup>166</sup> Email correspondence with Heather Hicks, chief officer of statewide initiatives, Signal Centers, December 5, 2024.

**Table 7. Level of Education Required to Receive Annual WAGE\$ Supplement (continued)**

Level	Education Required	Annual Supplement**
Level 9	Bachelor’s Degree plus or including at least 18 credit hours in early childhood education <i>or</i> Master’s Degree plus or including at least 12 credit hours in early childhood education	\$ 5,400
Level 10	Bachelor’s Degree plus or including 30 credit hours in early childhood education <i>or</i> Master’s Degree plus or including 24 credit hours in early childhood education	\$ 7,800

\*Temporary levels of education: In order to promote continued education, teachers who are awarded at one of the first seven levels (temporary) must move up to a higher level within two years in order to retain eligibility. Deadlines will be reestablished at each temporary level. Family child care providers have three years to achieve the education needed to move up.

\*\*Amounts listed are paid in two annual installments: one for every six months worked in the classroom with ages 0-5. Amounts listed are for teachers working at least 35 hours per week in the classroom. For applicants working less than that, their supplement amount will be prorated depending on how many hours per week they work.

Source: Child Care WAGE\$ Tennessee “How it works.”

Stakeholders expressed that not every child care worker is interested in entering or furthering higher education and would appreciate a program similar to WAGE\$ that rewards longevity in the industry.

Stakeholders, including child care directors, told commission staff that some experienced workers aren’t interested in pursuing further higher education.<sup>167</sup> There are extensive training requirements for child care directors, and staff that don’t count towards qualifying for the WAGE\$ program, including the initial training that every educator must take to work at a licensed child care agency—like first aid training—and annual training requirements (see appendix G for a list of the required training). These ongoing training requirements fulfill the federal requirement that each state receiving CCDBG funds develop a system of professional development to build on the knowledge and skills of child care workers.<sup>168</sup> The Tennessee Professional Archive of Learning (TNPAL) is the official record system for DHS-licensed child care providers’ qualifications, training, and professional development. Child care workers can make a free account to collect and preserve their completed trainings and credentials in the online system. Two other websites support the professional development of child care workers. TrainTN is the official website for early childhood trainings that have been approved by DHS. The Tennessee Child Care Online Training System is a free online learning management system developed and funded through a contract with DHS and Tennessee State University, Center of Excellence for Learning Sciences, and ProSolutions Training. Both these websites allow child care providers and DHS to verify that staff

<sup>167</sup> Focus group discussion with providers in Upper Cumberland Development District, July 25, 2024; Nashville and Davidson County, August 28, 2024; Chattanooga and Hamilton County, September 9, 2024; West Tennessee, October 28, 2024; Memphis and Shelby County, October 29, 2024.

<sup>168</sup> Child Care Development and Block Grant Reauthorization Act of 2014.

have completed the necessary trainings for compliance and regulatory purposes.<sup>169</sup>

Some stakeholders said they would like to see a program that targets bonuses to child care workers without higher education credentials but who have longevity.<sup>170</sup> Other states provide some examples of incentive programs that aren't tied to higher education:

- Virginia—Virginia's Teacher Recognition Program began in 2019 by offering \$1,500 bonus payments to teachers who remained with their employers for a continuous eight-month period. The state used a federal Preschool Development Grant to reward nearly 2,000 participating teachers. A follow-up study found that the payments reduced teacher turnover at participating child care centers by half—from 30% to 15%. According to a review of the program, "Child care assistant teachers—who had the overall lowest pay and highest turnover rates in our sample—saw the most benefit from the Teacher Recognition Program. Forty percent of assistant teachers at sites that did not receive payments left their sites. This was true of only 16% of assistant teachers at sites with access to the stipend."<sup>171</sup>
- Georgia—Beginning in 2025, the Georgia Department of Early Care and Learning is introducing \$500 annual Quality Rated Workforce Bonuses for eligible staff (those working more than 20 hours per week and employed more than 60 days) at providers participating in the state's three-star quality rating system. The state is investing \$17 million for the program.<sup>172</sup>

In response to the labor force participation rate of prime age working women declining from 2023 to 2024, the federal government awarded \$8 million through the Appalachian Regional Commission (ARC) to the Save the Children Federation to enlarge the child care and early education workforce in Tennessee, Kentucky, and West Virginia.<sup>173</sup> In attempts to grow the workforce, the project will create apprenticeships for participants in rural communities, train those interested in starting their own childcare businesses, and support those pursuing college degrees in related fields. The project is expected to serve 385 workers/trainees and 65 students by the end of the five-year period.<sup>174</sup>

<sup>169</sup> Tennessee Department of Human Services "TNPAL, Training and Professional Development Resources."

<sup>170</sup> Focus group discussion with providers in West Tennessee, October 28, 2024 and Memphis and Shelby County, October 29, 2024.

<sup>171</sup> Bassok, Doromal, Michie, and Wong 2021.

<sup>172</sup> Georgia Department of Early Care and Learning 2024.

<sup>173</sup> Tennessee Department of Labor and Workforce Development "Tennessee's Economy 2023-2024."

<sup>174</sup> Appalachian Regional Initiative for Stronger Economies 2024.

Other states, including Georgia and Virginia, already have programs that incentivize child care workers to stay in the field and can be used as a model.

### **Tennessee's career and technical education programs help train more child care workers.**

Tennessee's career and technical education (CTE) programs in its K-12 schools include training for becoming a child care worker. Tennessee offers 16 career clusters encompassing a wide range of occupations, all aligned with the US Department of Education's CTE framework. These clusters help individuals develop the skills needed to achieve their career goals, with each cluster further divided into pathways based on the required knowledge and competencies.<sup>175</sup> Under the Education and Training cluster, there is an Early Childhood Education Careers pathway. Clusters are designed to be followed throughout high school, with year-one courses encouraged to be taken by students in middle school or ninth grade.<sup>176</sup> Students are required to take two courses in the program to be considered a CTE Concentrator and three classes to be considered a Completer.<sup>177</sup> The Early Childhood Education pathway prepares students for careers such as preschool teachers, elementary teachers, nannies, or child care providers. The curriculum includes components such as child development, planning age-appropriate activities, creating effective learning environments (see figure 3 for course requirements). Some schools also have actual child care facilities on campus for the students who are pursuing the pathway to get work-based learning experience.<sup>178</sup>

Career and technical education (CTE) programs in K-12 schools can include the opportunity for students to choose an early childhood education pathway that prepares them for child care work once they graduate, but not every Tennessee school has this pathway as an option.

<sup>175</sup> Tennessee Department of Education "Career Clusters."

<sup>176</sup> Tennessee CTE 2024.

<sup>177</sup> Interview with Stephanie Kelly, Southwest CTE CORE consultant and Amy Owen, senior policy director, July 2, 2024.

<sup>178</sup> Ibid.

**Figure 3. Early Childhood Education Careers Course Requirements**

**Education & Training**

Program of Study	Year 1	Year 2	Year 3	Year 4
<b>Early Childhood Education Careers</b>	Early Childhood Education Careers I (C32H06)	Early Childhood Education Careers II (C32H07)	Early Childhood Education Careers III (C32H08) -or- <b>Dual Enrollment</b> Early Childhood Education Careers I (C32H10) -or- <b>Dual Enrollment</b> Early Childhood Education Careers II (C32H18)	Early Childhood Education Careers IV (C32H09) -or- Foundational Literacy Practicum (C32H37) -or- <b>Dual Enrollment</b> Early Childhood Education Careers III (C32H22) -or- <b>Dual Enrollment</b> Early Childhood Education Careers IV (C32H23) -or- <b>Dual Enrollment</b> Early Childhood Education Careers V (C32H43) -or- <b>Dual Enrollment</b> Early Childhood Education Careers VI (C32H44) -or- <b>Dual Enrollment</b> Early Childhood Education Careers VII (C32H45) -or- <b>Dual Enrollment</b> Early Childhood Education Careers VIII (C32H46) -or- <b>Dual Enrollment</b> Early Childhood Education Careers IX (C32H47) -or- <b>Dual Enrollment</b> Early Childhood Education Careers X (C32H48) -or- <b>SDC</b> Introduction to Education (C32H28) -or- <b>WBL</b> Early Childhood Education Career Practicum <sup>1</sup> (C32H34)

<sup>1</sup> May be taught for 1, 2, or 3 credits.

Source: Tennessee Department of Education “Career Clusters.”

Just one in eight child care workers in the state has health insurance and many rely on government assistance to help make ends meet, like food and housing assistance—an issue that highlights the compounding factors of low wages and lack of benefits affecting the field.

CTE offerings vary by district and not every district offers every cluster or every pathway. In 2022, 1,497 students in Tennessee participated in the Early Childhood Education pathway — with 21 schools offering the program. The Education and Training cluster has 2,116 students participating.<sup>179</sup> Offering clusters or pathways largely depends on community needs. A consultant with the Southwest CTE Center of Regional Excellence (CORE) explained that DOE staff meet on a regional level with district advisory committees who, with CTE directors, must complete a comprehensive Local Needs Assessment which looks at labor market data and growth opportunities and they evaluate the current CTE offerings to gauge whether they are aligning with the evaluated needs.<sup>180</sup> One concern brought up by stakeholders is that young people are talked out of going into early childhood education because of the difficult work and low pay and that may lead to less schools offering the program.<sup>181</sup>

Tennessee could attempt to attract more individuals to the field, addressing the child care workforce shortage through programs like CTE. The Bureau of Labor Statistics projects stable employment for preschool teachers, with a national growth rate of 3% from 2022 to 2032, and a 5% growth rate in Tennessee. Around 56,300 openings are expected annually, mostly because of workers transitioning to other occupations or retiring.<sup>182</sup> Providing targeted training and career development opportunities can help ensure that child care workers are well-prepared and supported, making the profession more appealing and sustainable.

### **Solving the problem of the low rate of retention of childcare workers has challenged state governments across the nation.**

*The benefits cliff creates a challenge for state governments trying to address it.*

The benefits cliff refers to the sudden, often unexpected, decrease in public benefits that can occur when a person or family's income increases slightly, making them ineligible for some benefits.<sup>183</sup> Ten percent of the child care workforce and early education workforce in Tennessee lack health insurance, with the situation being even more prevalent among child care workers, where one in eight is uninsured.<sup>184</sup> In terms of child care workers, an increase in wages or income can result in a loss or reduction in benefits such as child care subsidies, food assistance, housing assistance, or health care coverage. For example, a child care worker earning just above the eligibility threshold for benefits may find that the additional income is

<sup>179</sup> Interview with Stephanie Kelly, Southwest CTE CORE consultant and Amy Owen, senior policy director, July 2, 2024.

<sup>180</sup> Ibid.

<sup>181</sup> Interview with Heather Hicks and Jennifer Tedder, TCR&R, June 13, 2024.

<sup>182</sup> Tennessee Department of Education 2024a.

<sup>183</sup> National Conference of State Legislatures 2023.

<sup>184</sup> Tennessee Commission on Children and Youth 2023a.



not enough to offset the loss of support from the benefits. While their income increased, the loss of such benefits can lead to an overall decrease in financial stability. Child care business owners have expressed that this benefits cliff creates a disincentive for accepting pay raises or working additional hours, as the income is not enough to make up for the lost benefits, with some owners even experiencing workers asking for slight decreases in their wages to remain eligible for benefits.<sup>185</sup> Thresholds for some programs, such as SNAP, are determined by the federal government based on the federal poverty level and take into account factors such as household size, income, and resources.<sup>186</sup> Additionally, thresholds for other federal or state programs such as Medicaid, housing programs, and Temporary Assistance for Needy Families (TANF) each have different thresholds that do not always align.<sup>187</sup>

Child care workers, who may face the loss of benefits with wage increases because of the benefits cliff, could be made eligible for certain benefits regardless of their income, ensuring that wage increases do not inadvertently push them into financial hardship. During the pandemic, many child care workers were classified as essential workers, highlighting their critical role in society.<sup>188</sup> This designation underscored the need for long-term support for these workers who often receive low wages despite their important contributions.

In Tennessee, essential workers were provided with various forms of assistance during the pandemic such as the COVID-19 Essential Employee Child Care Payment Assistance Program which provided for DHS to pay for child care at DHS-licensed or DOE regulated programs approved to participate in the Child Care Certificate Program. Funding for this program was provided through the Child Care and Development Fund (CCDF) and federal COVID relief funds.<sup>189</sup> Some legislators have mentioned the idea of loosening eligibility requirements to receive payment assistance for child care, similar to what they did during the COVID-19 pandemic, as a potential solution to address the needs of families and child care workers.<sup>190</sup> In the 113th General Assembly, Senate Bill 2063 by Senator Oliver and House Bill 2232 by Representative Freeman — as introduced — would have established a two-year pilot project to support the self-sufficiency of child care agency employees by allowing them to retain eligibility for public benefits despite wage increases. The bill as introduced aimed to prevent child care workers from experiencing the benefits cliff, where small income increases lead to

The benefits cliff disincentivizes child care workers from accepting pay raises or working additional hours, for fear that they will lose the assistance they need to survive.

<sup>185</sup> Focus group discussion with providers in Nashville and Davidson County, August 28, 2024.

<sup>186</sup> Center on Budget and Policy Priorities 2024.

<sup>187</sup> Tennessee Department of Human Services "FY2024 Section 8 Income Limits"; Tennessee Division of TennCare 2024; US Department of Housing and Urban Development 2024.

<sup>188</sup> Bill Lee, "Executive Order No. 22," Nashville TN, Office of the Governor, State of Tennessee 2020.

<sup>189</sup> Tennessee Department of Human Services 2020.

<sup>190</sup> Interviews with Representative Bob Freeman May 22, 2024 and Senator Charlane Oliver May 22, 2024.

This issue isn't unique to Tennessee, and several other states have taken steps to provide some relief to child care workers like increasing the wages, benefits, and supports available.

a significant loss of benefits, thereby ensuring stability and incentivizing continued employment in the child care industry. Addressing the benefits cliff, either through budgetary expansions or categorical eligibility, would require an investment of state dollars.

*Other states have taken steps to expand benefits for child care workers.*

Since the pandemic, several states have implemented policies aimed at expanding benefits to essential workers, including child care workers—without relying on pandemic-era federal emergency measures. In several states, lawmakers and state agencies have worked to expand investments in child care workforce compensation that may have been initially supported by temporary federal relief. Several final state budget agreements for Fiscal year 2025 will increase wages, benefits, and support for child care workers including:

- Alaska passed a program to provide \$7.5 million in grants to child care centers.<sup>191</sup>
- Connecticut passed investments that include a \$1,800 one-time wage support payment to all educators, a study on mitigating benefits cliffs, and addressing educator certification issues.<sup>192</sup>
- Illinois increased various early childhood funding by nearly \$250 million, including \$158.5 million to provide wage increases and grow the child care assistance program and \$75 million to create 5,000 new public pre-k slots.<sup>193</sup>
- Kentucky's state budget includes \$14.8 million annually to provide child care for child care providers and \$1.5 million annually for a benefits cliff transition program.<sup>194</sup>
- Michigan's budget included \$65 million to fund a 15% rate increase for child care providers and bonuses for child care workers.<sup>195</sup>
- Minnesota allocated hundreds of millions in new state funding toward early childhood initiatives, stemming from legislation passed in 2023 and totaling more than \$1 billion over fiscal year 2024-25. This includes the establishment of Great Start Compensation Support Payments (retention payments) for child care providers.<sup>196</sup>
- Missouri allocated \$54.8 million to increase rates for child care providers, including raising rates to the 100th percentile for infants

<sup>191</sup> Stremple 2024.

<sup>192</sup> Connecticut Office of Early Childhood 2024.

<sup>193</sup> Start Early, Champions for Early Learning 2024.

<sup>194</sup> Ladd 2024.

<sup>195</sup> Executive Office of the Governor of Michigan 2024.

<sup>196</sup> ChildCare Aware of Minnesota 2023.

and toddlers and to the 65th percentile for preschoolers and school-aged children.<sup>197</sup>

- New Mexico's budget allocated over \$784 million to early education and care including maintaining expanded income eligibility for child care assistance at 400% Federal Poverty Level and investing in a wage and career ladder for infant and toddler teachers and assistant teachers.<sup>198</sup>
- Rhode Island's budget included the extension of covered costs of child care for frontline child care educators and staff, the expansion of the family eligibility for the Child Care Assistance Program to 261% of the Federal Poverty Level, and a 5% rate increase for child care centers serving children in the Child Care Assistance Program.<sup>199</sup>
- Washington State dedicated \$5.6 million to reimbursement rate increases for infants and toddlers as well as \$772,000 for bonuses for providing care during nontraditional hours.<sup>200</sup>

Several states are also exploring ways to expand access to benefits for child care workers particularly through the adoption of categorical eligibility policies, making them eligible for subsidies regardless of income. Examples of these policies include:

- Arkansas expanded their Child Care Assistance program to all early child care employees.<sup>201</sup>
- Indiana changed the income threshold for child care workers to be eligible for assistance to 85% of the state median income instead of 150% of the federal poverty level.<sup>202</sup>
- Kentucky became the first state to enact categorical eligibility for educators and staff working in child care settings in 2022.<sup>203</sup>
- Maine created a two-year pilot program—the Child Care Affordability Program Child Care Employment Award to support access to affordable child care for the children of child care workers.<sup>204</sup>
- New Hampshire passed a bill that directs the Department of Health and Human Services to submit a report and budget for

Other states are expanding benefits for child care workers through categorical eligibility policies, making them eligible for subsidies regardless of income.

<sup>197</sup> Office of Missouri Governor Michael L. Parson 2024.

<sup>198</sup> Arkansas Department of Education, School Readiness Assistance 2024.

<sup>199</sup> Right from the Start 2024.

<sup>200</sup> Demkovich 2024.

<sup>201</sup> Arkansas Department of Education 2024.

<sup>202</sup> Indiana Family and Social Services Administration "Early Child Care and Education Legislative Changes."

<sup>203</sup> National Association for the Education of Young Children 2022.

<sup>204</sup> Maine Department of Health and Human Services Child and Family Services 2024.

establishing a child care workforce child care assistance pilot program.<sup>205</sup>

- Rhode Island is continuing their Child Care for Child Care Educators pilot program through July 2025, providing eligibility to child care workers with incomes up to 300% of the federal poverty level.<sup>206</sup>
- Utah passed legislation in 2024 providing child care eligibility to children with at least one parent working in licensed child care, regardless of income.<sup>207</sup>

Washington passed legislation in 2024 extending eligibility to employees working in regulated child care, the state's early learning programs, and Head Start/Early Head Start programs with up to 85% of state median income.<sup>208</sup>

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<sup>205</sup> SB 404-FN, Sess. of 2024 (NH 2024).

<sup>206</sup> RIght from the Start 2024.

<sup>207</sup> HB 461, Sess. 2024 (UT 2024).

<sup>208</sup> Public Chapter 67, Acts of Washington 2024.

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## Appendix A: Public Chapters



# State of Tennessee

## PUBLIC CHAPTER NO. 938

### SENATE BILL NO. 2374

By Watson, Yager, Massey, Yarbrow, Oliver

Substituted for: House Bill No. 2317

By Williams, Hardaway, Powell

AN ACT to amend Tennessee Code Annotated, Title 4; Title 8; Title 36; Title 37; Title 49 and Title 71, relative to child care.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

#### SECTION 1.

(a) For purposes of this act, "child care business" means a residential or commercial place or facility that operates as a child care agency, family child care home, a group child care home, a child care center, or a drop-in center as those terms are defined in § 71-3-501.

(b) The Tennessee advisory commission on intergovernmental relations (TACIR) shall complete a study of state and local laws, regulations, and rules that govern the start-up, operation, and expansion of child care businesses in this state. At a minimum, the study must:

(1) Analyze this state's four (4) largest urban cities; six (6) suburban towns or cities, which must include two (2) suburban towns or cities from each grand division of this state; and six (6) rural towns or counties, which must include two (2) rural towns or counties from each grand division of this state;

(2) Conduct focus groups and interviews of child care business owners and directors to identify problems and document examples that illustrate trends amongst child care businesses in this state; and

(3) Identify laws, regulations, and rules that:

(A) Impose costs, financial burdens, or operating delays on child care business owners or prospective owners;

(B) Are not necessary for the health, safety, and welfare of children served or to be served by the child care businesses; and

(C) Are not necessary for the health, safety, and welfare of residents of the neighborhoods where the child care businesses are located.

(c) All appropriate state departments and agencies shall provide assistance to TACIR in connection with the study required by subsection (b).

(d) TACIR shall submit a report disclosing findings from the study and recommended legislation to the governor, the speaker of the house of representatives, the speaker of the senate, and the legislative librarian no later than January 31, 2025.

SECTION 2. This act takes effect upon becoming a law, the public welfare requiring it.

SENATE BILL NO. 2374

PASSED: April 22, 2024

  
RANDY McNALLY  
SPEAKER OF THE SENATE

  
CAMERON SEXTON, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 6<sup>th</sup> day of May 2024

  
BILL LEE, GOVERNOR



# State of Tennessee

## PUBLIC CHAPTER NO. 934

### SENATE BILL NO. 2063

By Oliver, Yarbrow, Campbell, Lamar

Substituted for: House Bill No. 2232

By Freeman, Whitson, Hardaway, Camper, Powell

AN ACT to amend Tennessee Code Annotated, Title 49 and Title 71, relative to public benefits for child care workers.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

#### SECTION 1.

(a) The Tennessee advisory commission on intergovernmental relations (TACIR) is directed to conduct a study on the following:

(1) The current landscape of child care workers in this state, including, but not limited to:

(A) Demographic and racial makeup of the child care workforce;

(B) Salary and wage compensation;

(C) Tenure of employment at a child care agency;

(D) Amount of child care workers on public assistance or working second employment; and

(E) Whether the child care workers have children enrolled in a child care agency;

(2) The establishment, feasibility, and impact of implementing a program that covers the cost of child care for a child care worker who:

(A) Works at least twenty (20) hours per week at a licensed child care agency, regardless of the employee's role at the agency;

(B) Has worked continuously at a child care agency for at least ninety (90) days;

(C) Is eligible to have their children attend the child care agency at no cost, or has children that attend a licensed, certified, or registered provider that accepts and is approved to receive child care assistance payments; and

(D) Is a resident of this state; and

(3) For the purpose of excluding a child care worker's income or household income level from being considered when determining eligibility as a protected population and addressing the workforce shortage by incentivizing child care workers to remain employed in the early education industry:

(A) The feasibility and impact of expanding financial supports for early educators, such as through the use of the child care WAGE\$ program, bonuses, and other public benefit eligibility options;

SB 2063

(B) The establishment and feasibility of a target compensation scale for employees of child care agencies, as defined in § 71-3-501; and

(C) The benefits cliff and whether public benefits program eligibility thresholds are in alignment with state program income eligibility requirements. For purposes of this subdivision (a)(3), "benefits cliff" means the loss of public benefits by employees of child care agencies whose incomes exceed public benefits eligibility thresholds following wage increases.

(b) All appropriate departments and agencies of this state shall provide assistance to TACIR in connection with the analysis required in subsection (a).

(c) TACIR shall submit a report disclosing the findings of the study and recommendations to the speaker of the senate, the speaker of the house of representatives, and the legislative librarian no later than January 31, 2025.

SECTION 2. This act takes effect upon becoming a law, the public welfare requiring it.

SENATE BILL NO. 2063

PASSED: April 22, 2024

  
RANDY McNALLY  
SPEAKER OF THE SENATE

  
CAMERON SEXTON, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 6<sup>th</sup> day of May 2024

  
BILL LEE, GOVERNOR



## Appendix B: Tennessee Child Care Task Force Report Executive Summary

Tennessee Child Care Task Force  
Final Report

December 15, 2022

### EXECUTIVE SUMMARY

#### Purpose and Structure

As statutorily mandated through Public Chapter 474 of the Acts of the 112th Tennessee General Assembly, the State of Tennessee convened a Tennessee Child Care Task Force (CCTF) to develop a strategic action plan for increasing the availability of high quality, affordable, and accessible child care in this state, for building partnerships between government and the business sector, and to identify resources across state government departments that could be streamlined, coordinated, and more effectively utilized to address child care challenges. Through a competitive bid process, the Tennessee Department of Human Services (TDHS) contracted with Public Consulting Group LLC (PCG) to serve as a consultant to the CCTF, providing subject matter and research expertise to support the CCTF in meeting its statutory requirements. An interim progress report of the CCTF's work was transmitted to the General Assembly on July 1, 2022. This final report builds upon the findings of the interim progress report and details the CCTF's recommendations and proposed strategic action plans to implement those recommendations.

This final report is comprised of the following components:

- Detailed recommendations from the CCTF to the Tennessee General Assembly, inclusive of accompanying research and findings from both within the state and elsewhere in the U.S.
- For each recommendation, we have developed strategic action plans with proposed action steps, stakeholders, timelines, and additional considerations to implement each recommendation.
- We have also listed additional "opportunities" for the state to pursue that did not have a specific recommendation that was made by the CCTF.
- Our Methods and Approach to completing this work, which details the various sources of information from which the task force shaped its recommendations. After completing the interim progress report, the CCTF tested its findings on child care in Tennessee for feedback through focus groups in each of the Grand Divisions of the state, in addition to a statewide online survey. PCG further conducted research to inform the CCTF's recommendations through peer state interviews and analyses and a general literature review, the findings of which are detailed in this report.
- The appendices of this report include detailed analysis and findings from the previously noted focus groups, statewide survey, and peer state interviews.

In summary, we have listed below the CCTF's recommendations to the General Assembly, with the intention of addressing and improving the CCTF-identified "three pillars" of child care in Tennessee: access, affordability, and quality. These recommendations are the product of the CCTF and are not made by the Tennessee Department of Human Services, however some of them align with existing operations or planned initiatives of the Child Care Services Program at TDHS. Ultimately, the State of Tennessee and its General Assembly may choose to formally act upon some, all, or none of these recommendations.

## 1. Child Care Workforce

**CCTF Major Finding:** There is an early care and education workforce and pipeline shortage that prevents programs from meeting full enrollment, as well as the expansion of early learning programs.

**CCTF Recommendation:** The State of Tennessee will explore and implement approaches such as:

- Investing in apprenticeship models with partner state agencies. Tennessee may consider establishing an initiative that couples degree and credential attainment with on-the-job training. This approach makes early childhood a more attractive employment option, offers effective training opportunities, and benefits prospective employers.
- Expanding financial supports for early educators, such as through the use of WAGE\$, bonuses and other public benefit eligibility options.
- Establishment of an early educator target compensation scale.
- Supporting appropriate contractors, vendors, and partners to promote pathway progression.
- Engaging in ongoing collaborative partnerships to further support rebuilding the workforce and ensuring families accessibility to child care.

## 2. Data Systems and Tools

**CCTF Major Finding:** Multiple opportunities exist for enhanced data systems to support family searches, state data analysis to inform policy decision making, and to reduce redundancies and burdens within existing processes.

Existing consumer education sites could be further enhanced to help parents explore child care and early learning options, including use of coordinated eligibility systems, single application processes for multiple programs, and consumer education pages which provide higher levels of filtering. Providers could have greater access to data systems in order to provide current program information to families and the state, as well as to coordinate application processes and reporting through coordinated online applications. Policymakers and state administrators lack the data necessary to fully understand child care supply and demand yet want to target resources to close gaps and better meet families' early care and education needs.



**CCTF Recommendation:** The state should leverage further investment and expansion of the use of technology and data for early childhood education at a statewide level. Emphasis should be placed on addressing expressed needs of parents, providers, and state administration and policymakers. Proposed actions could include:

- Further enhancements to the provider search portal for parents to support finding care nearby, reflective of real-time vacancies, and which allows parents to apply for care. This portal will host a knowledge base of the various resources available for parents and employers about child care in Tennessee.
- This portal would also allow providers to share real-time information about their programs, such as operations for second and third shift care, capacity and expertise to serve special populations, and available slots.
- Using the data collected, a state-level data dashboard would be made available to administrators and policymakers, providing real time data around program capacity and enrollment, frequency of family search criteria, and the outcome and remaining demand for care from corresponding applications

### 3. Cost of Quality Study

**CCTF Major Finding:** TDHS has completed their initial “narrow cost analysis” that is required to be completed at least every three years by CCDF. Though this first analysis met the requirements outlined by ACF, it would be beneficial for Tennessee to gather additional data around the provision of the true cost of child care and quality in the state.

**CCTF Recommendation:** Tennessee should conduct a child care cost estimation study that factors competitive compensation for child care workers and publish a companion report documenting the total projected cost for basing reimbursement rates on the cost of quality.

### 4. Business Incentives and Tax Credits

**CCTF Major Finding:** Businesses success depends on their employees being able to access and afford child care that meets their families’ needs, but today employees struggle with child care challenges. Employers indicate willingness to make some investment, but incentives coupled with technical assistance would lead to increased co-investment in employee child care supports.

**CCTF Recommendation:** Reestablish a business franchise and excise tax credit for expenditures on child care in Tennessee. In addition, Design a “Child Care Challenge Fund,” a competitive program where employers and local partners can apply for matching funds from the state for initiatives to increase supply of child care in their regions.

### 5. Conflicting State and Local Regulations

**CCTF Major Finding:** There are barriers and unnecessary costs created for providers due to regulations, codes and zoning requirements at the city, county, and state levels that are often conflicting and confusing, and in many cases not necessary to ensure the health and safety of children.

**CCTF Recommendation:** Using lessons learned and examples from providers, TDHS should identify and communicate the most common child care growth and start-up barriers created by onerous and conflicting zoning, code and other regulatory burdens, and further increase resources to supporting providers to navigate and problem solve those barriers.

## 6. Shared Services

**CCTF Major Finding:** Many early childhood providers struggle to provide high-quality early learning experiences for children while operating an efficient and thriving small business. The expense of hiring and retaining qualified staff; the challenge of implementing stimulating, age- and culturally appropriate experiences; the long hours of operation; the typical lack of business or management experience; and the low parent fees make it challenging for providers to stay financially afloat while providing the best, responsive care to children and their families.

Providers also struggle to find or access existing resources to help them address the effects of the industry's systemic challenges due to factors such as: ineligibility; lack of awareness; and having time to pursue the resources on top of their full workloads. Providers have also expressed that certain resources, such as existing professional development opportunities, do not cover certain challenges, and some do not evolve or are updated, making it difficult for teachers to gain required professional development units with new training(s).

**CCTF Recommendation:** Dedicate resources to support the development and expansion of a shared services hub models, including microcenter networks, family care provider networks, and other models, and potentially leverage technology to measure and evaluate efficacies.

## 7. Communications

**CCTF Major Finding:** Parents and businesses have expressed that they are unaware of the many resources the State of Tennessee offers to help families secure child care.

**CCTF Recommendation:** The State should pool agencies' resources and connections with local and regional entities to implement a communications plan that leverages local entities' existing community networks to communicate the importance of early childhood education to families in Tennessee and what resources are available to them. The state should further consider communicating with businesses about the opportunity to engage with TDHS to help design how they can support the child care needs of their employees.

## 8. Unregulated Providers

**CCTF Major Finding:** There are a large number (likely in the several thousands) of unregulated child care providers that operate lawfully caring for four or less unrelated children. These providers receive no monitoring or regulatory oversight from any Tennessee agency, so it is unknown how many of these providers exist and whether they are providing care that is safe, healthy, and educationally rich.

**CCTF Recommendation:** State/TDHS should take steps through incentives or other means to “register,” or make known to the state on a voluntary basis, programs that currently operate legally without regulation or monitoring if they care for four or less children. This would serve the dual purpose of a) increasing the data landscape of understanding the availability of child care in TN and b) nudge small in-home programs to becoming fully licensed. It is acknowledged this effort would require additional funding for TDHS or its contracted vendors for this to be accommodated.

### 9. Pre-Licensure Unit

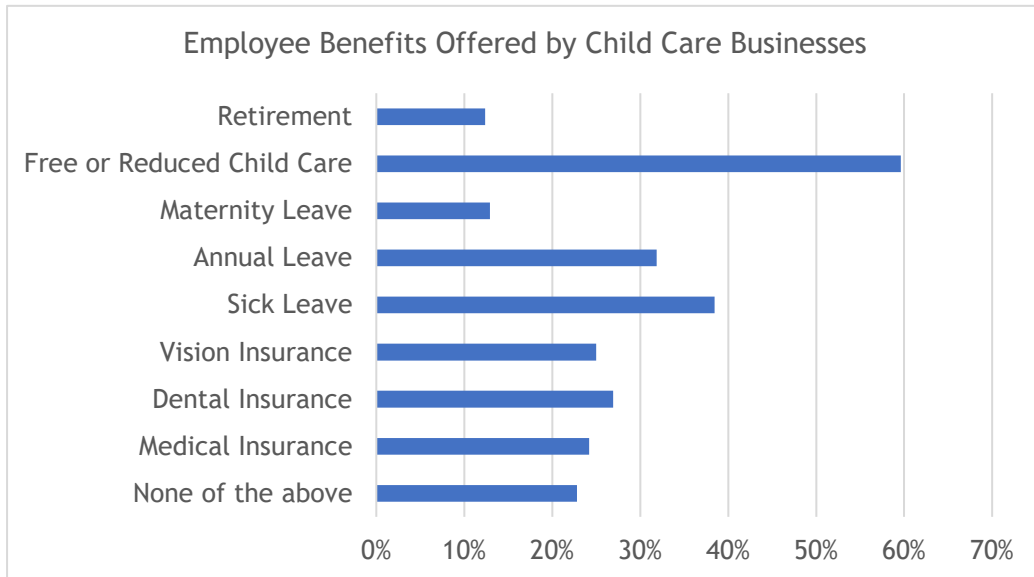
**CCTF Major Finding:** TDHS’ new child care Pre-Licensure unit has been highly successful in its first year of operation, and the Department is proceeding with plans to increase the staff count for this unit.

**CCTF Recommendation:** The CCTF recognizes that it is important that the Pre-Licensure Unit maintains a manageable caseload to meet the needs of the child care community. TDHS should continue to manage and grow the unit as needed to provide customer responsiveness.

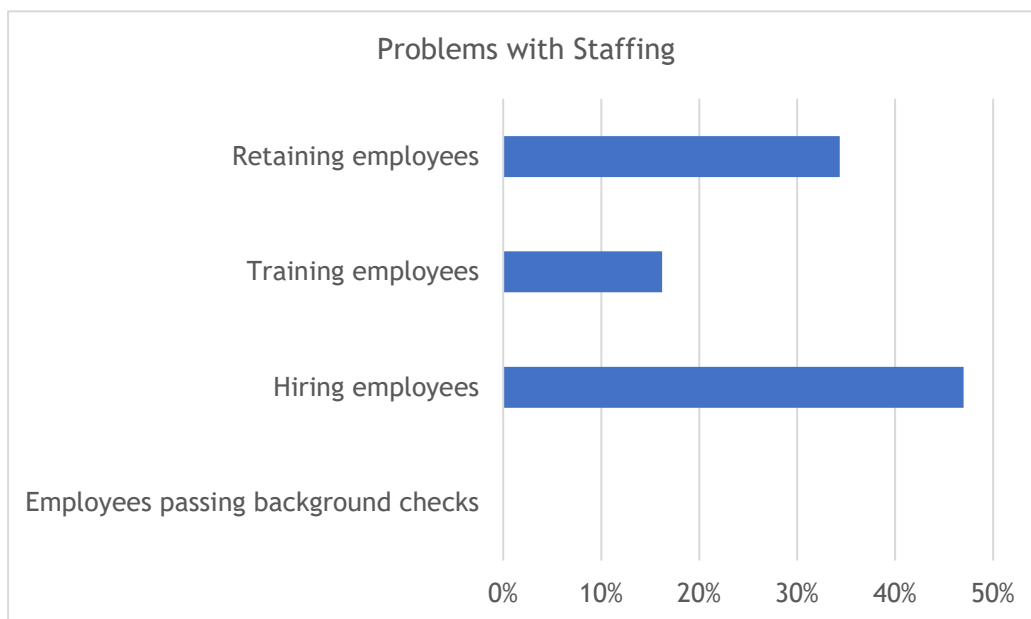


## Appendix C: Child Care Business Survey Results

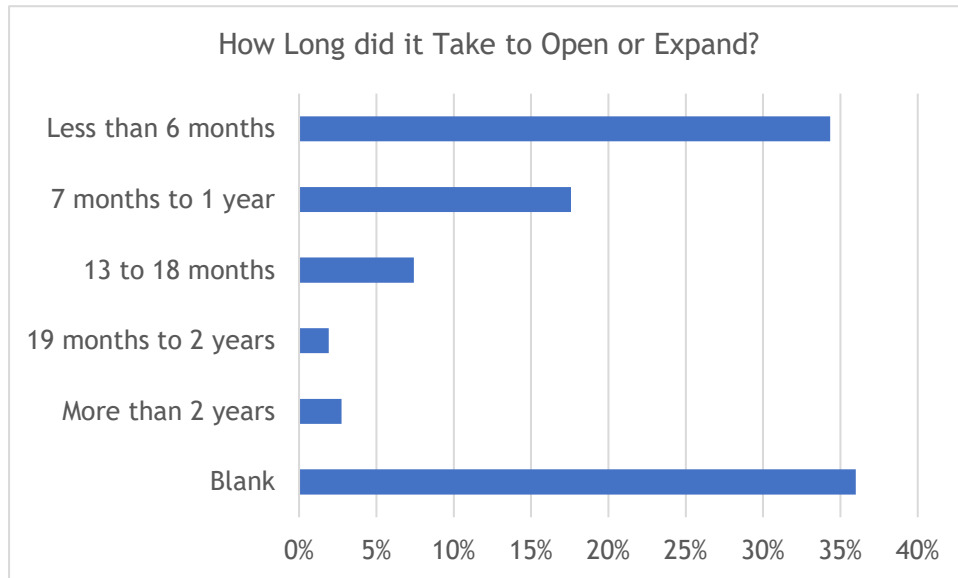
1. Do you offer any of the benefits listed below to your employees? (check all that apply)



2. Are any of the following creating major problems for staffing your facility? (please choose all that apply)



3. If applicable, how long after initial engagement with DHS to opening or expanding your facility did it take you to open your facility or open the new part of your facility? (If you have multiple facilities, please just respond regarding the most recent opening or expansion.)

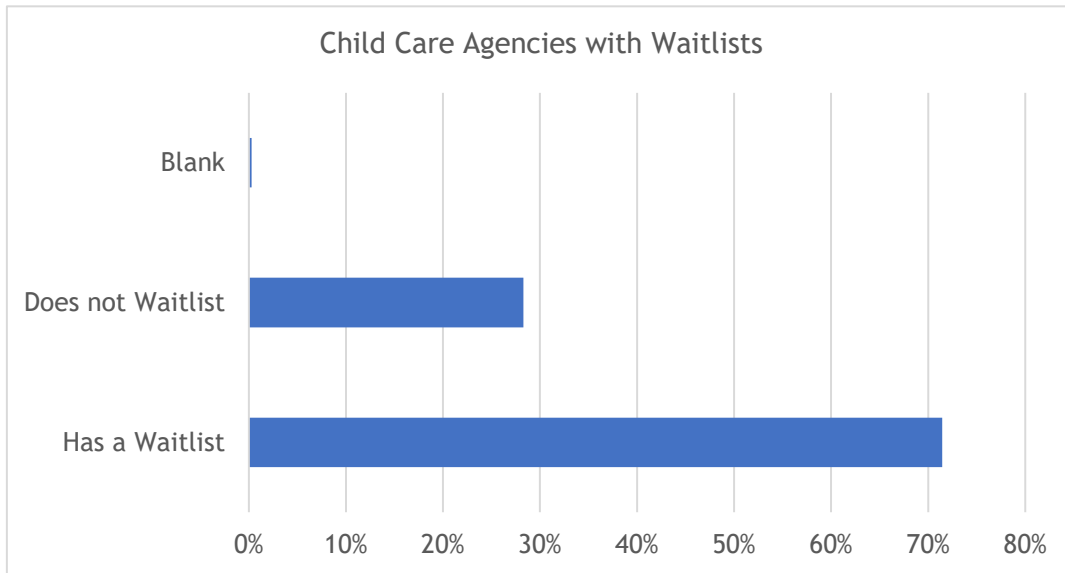


4. What percentage of your employees stay for at least a year?

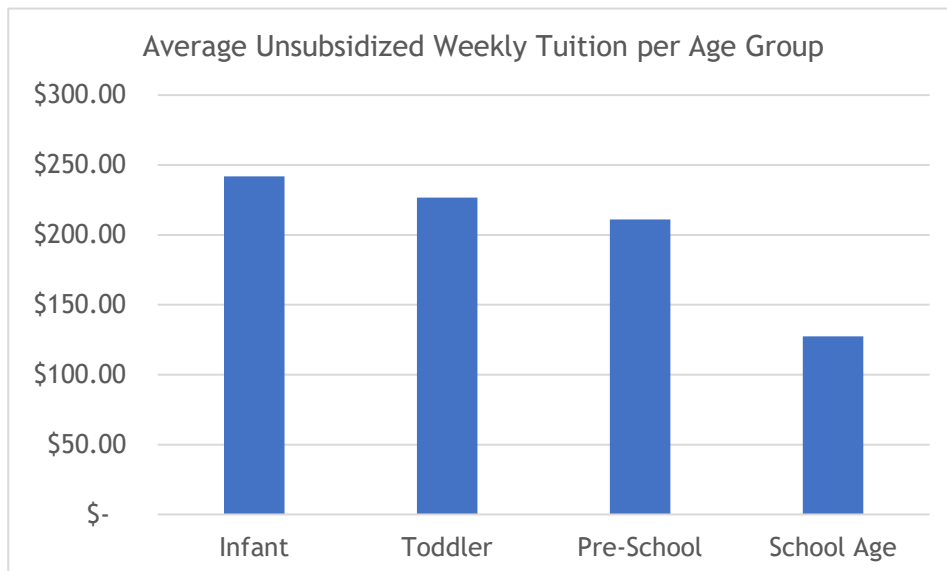
Most respondents, 112, said that 100% of their employees stay for at a least one year and 109 respondents said 75-99% of their employees remained for a year. Nineteen respondents said that 25% or less of their employees stay for at least a year including five agencies reporting that 0% of their employees stay for a year.

5. Does your child care agency have a waitlist?

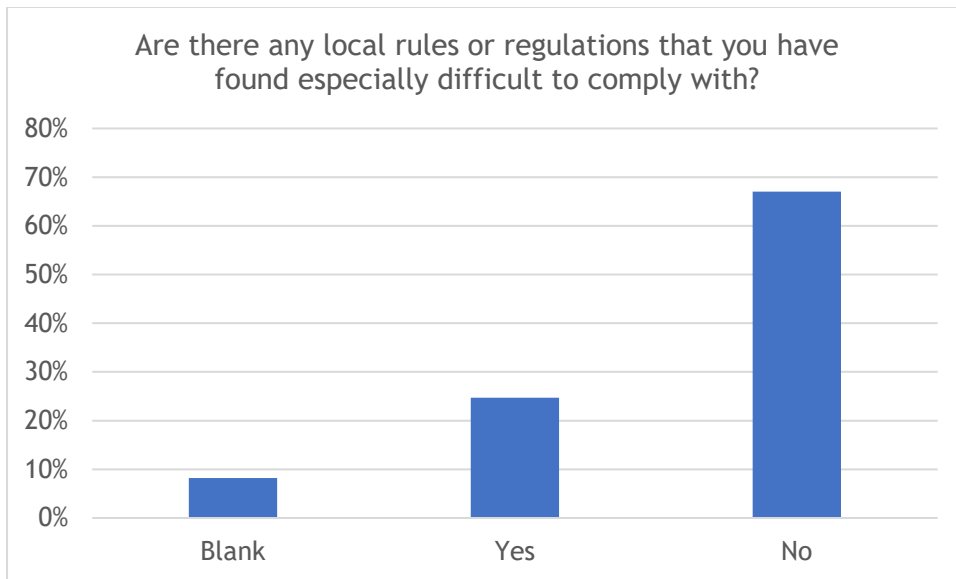
Seventy-one percent of respondents (260 of 364) said their agency has a waitlist, with an average of 38 children on each list. One hundred one respondents said the average time a child spends on the waitlist at their agency before a slot becomes available is between 6 months to 1 year.



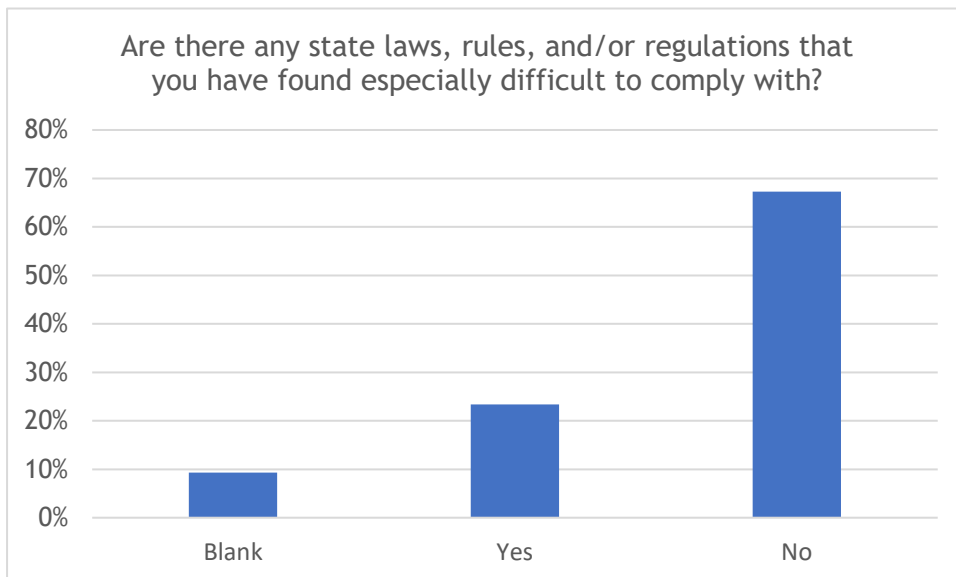
6. Average weekly tuition per child (unsubsidized) for each age group served.



7. Are there any local rules or regulations that you have found especially difficult to comply with?

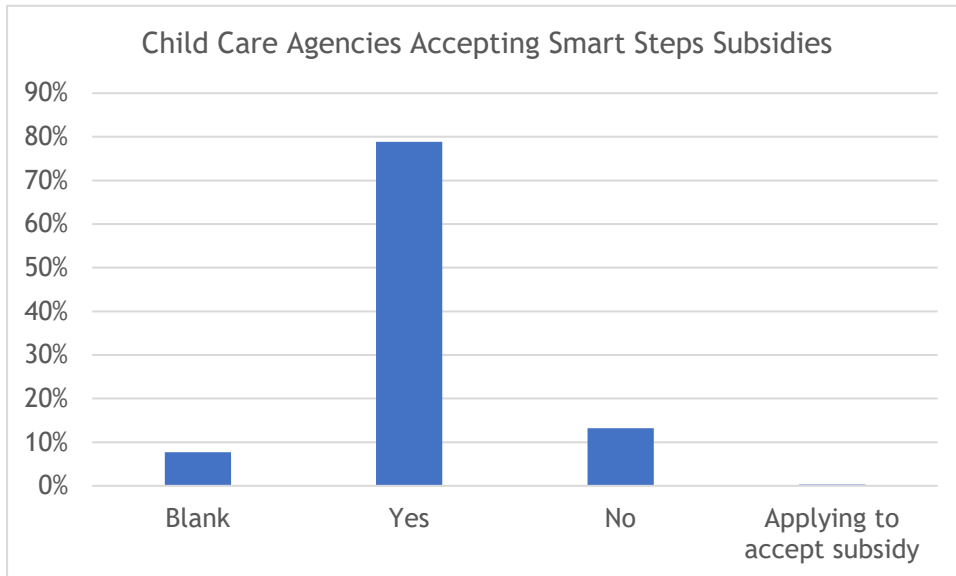


8. Are there any state laws, rules, and/or regulations that you have found especially difficult to comply with?





9. Does your agency accept Child Care Payment Assistance/Smart Step subsidies?



Forty-two percent of respondents said the process of getting approved for accepting subsidies is “very easy” or “easy” while 11% said the process is “very difficult” or “difficult.”



## **Appendix D: Determining Payment Rates for the Child Care Certificate Program**

Appendix E describes how DHS and its research partners conduct their market rate survey, conduct their cost of quality care survey, and some of the federal guidance for using an alternative method of setting payment rates. The overview of the DHS Market Rate Survey and Cost of Quality Care Survey is based on email correspondence with DHS Assistant Commissioner for External Affairs Callon Baggett on December 20, 2024.

### ***DHS Market Rate Survey***

DHS completes a Market Rate Survey (MRS) annually as required by Tennessee Code Annotated, Section 71-1-130(c). Market rate data are gathered by DHS from annual reporting required by all licensed child care centers, family homes, and group homes. These data are further categorized by age of child (infant through school-age), unit (e.g., before/after school), and frequency of payment. The MRS excludes select data, most notably for child care providers with subsidized enrollments greater than 50%.

Rates may be seasonal or related to a school calendar (e.g., summer or “school out” rates), enrollment intensity (e.g., extended hours, drop-in services, etc.), or a wider range of payment frequencies (e.g., hourly, monthly, etc.). Because of these variations, the University of Tennessee’s Center for Business and Economic Research (CBER) analyzes and attempts to reasonably convert rate data to a standard weekly rate. For example, during fiscal year 2023-24 CBER added converted daily, weekly, and full-time summer rates to its analysis for all age groups because they help describe the full-time child care market consumers face. But hourly rates and other special rate categories CBER identifies in its analysis are excluded because, when converted, they could overstate the typical weekly cost of care.

Child care providers operate with different rate structures, and each provider may have different rate structures within a given category of care. CBER incorporates these into its conversion process. DHS works closely with CBER to review and revise outliers identified during the analysis to ensure the MRS is as comprehensive as possible.

The fiscal year 2023-24 Market Rate Survey may be found at <https://www.tn.gov/content/dam/tn/human-services/documents/FY%2024%20Market%20Rate%20Survey.pdf>.

### ***DHS Cost of Quality Care Survey***

The University of Tennessee’s Social Work Office of Research and Public Service (SWORPS) supports DHS with designing a statistically valid and reliable survey of child care providers consistent with CCDBG requirements at 45 Code of Federal Regulations 98.45 to estimate the cost of providing quality child care across multiple categories, including geographic locations, categories of care, and care levels.

## The survey and analysis are required to address how estimated costs support

- child care providers' implementation of the health, safety, quality, and staffing requirements at 45 CFR §§ 98.41 through 98.44 and
- higher-quality care, as defined by DHS using a quality rating and improvement system or other system of quality indicators, at each level.

Once initially designed, SWORPS prepares a draft survey instrument which DHS distributes for consultation as required by 45 CFR § 98.45. SWORPS reviews consultation feedback with DHS to ensure the final instrument meets all required criteria. Once approved, SWORPS administers the survey to a representative sample defined by DHS consistent with the data-collection requirements of CCDBG. SWORPS also provides technical support and assistance to providers to understand and navigate the survey. Once all data are collected, SWORPS performs its analysis and returns observations and findings in its final report.

The 2023 Cost of Quality Care Study may be found at: <https://www.tn.gov/content/dam/tn/human-services/documents/2023%20Cost%20of%20Quality%20Care%20Study.pdf>.

## ***Federal Guidance for the Use of Alternative Methodologies***

The Tennessee Department of Human Services is the Lead Agency for Tennessee. The following quotes are from the US Department of Health and Human Services, Administration for Children and Families Program Instruction CCDF-ACF-PI-2018-01:

“Section 658E(c)(4) of the Child Care and Development Block Grant (CCDBG) Act, 42 USC § 9858c(c)(4), requires Lead Agencies to certify that their payment rates are sufficient to ensure equal access for eligible children that are comparable to child care services provided to children whose parents are not eligible for CCDF. The Act also requires Lead Agencies to provide a summary of the facts used to determine that their payment rates are sufficient to ensure equal access.”

“The Act and the CCDF final rule allow Lead Agencies the option to base their payment rates on an alternative methodology instead of a market rate survey. The market rate survey or alternative methodology must be conducted no earlier than two years prior to the submission of the CCDF Plan. The requirements for market rate surveys and alternative methodologies are outlined in a previously issued Program Instruction (see CCDF-ACF-2016-08). The Act and the final rule do not define an alternative methodology but indicate that a cost estimation model is one possible approach. While a market rate survey examines prices charged to parents, a cost estimation model or cost study examines the cost to the provider of delivering services. The prices that parents pay in many cases do not align with the full cost of delivering child care services, particularly high-quality services, and therefore cost information provides additional facts to inform the setting of payment rates. In addition, all states are required to take cost into account when setting payment rates even if the state is conducting a market rate survey rather than an alternative methodology. States carrying out a market rate survey may conduct a cost analysis that is more narrowly focused to ensure that base payment rates are adequate to cover the cost of child care services and to consider the cost of higher quality.”

“Conclusion: Lead Agencies must use the information from their most recent market rate survey or alternative methodology for rate setting. While the 75th percentile is a benchmark for where to set rates based on the price of care as collected via the market rate survey, there is currently no federal benchmark for where to set rates based on costs to provide care. While we do not expect Lead Agencies in all cases to immediately set rates to cover the full cost to provide care, we expect Lead Agencies to use information from their cost analyses—

the narrow cost analysis or the alternative methodology if used — to evaluate the gap between costs and payment rates as part of their strategic, long-term approach to setting rates that support equal access. Using cost information to narrow the difference between the cost of delivering services and the payment rates can help reduce the barrier to families for finding care by maintaining an adequate supply of providers who can afford to participate in the subsidy program.”

“As one potential option, states may use the Provider Cost of Quality Calculator (PCQC) to develop alternative methodologies to inform rate setting. PCQC is a publicly available web-based tool that calculates the cost of quality-based on site-level provider data for any jurisdiction.”

Tennessee is using the PCQC to inform their rate setting.



## Appendix E: Tennessee Department of Human Services Child Care Certificate Program Provider Weekly Reimbursement Rates Including QRIS Scorecard Bonus Payments

Tennessee Department of Human Services								
Child Care Certificate Program Provider Weekly Reimbursement Rates Including QRIS Scorecard Bonus Payments								
Effective October 1, 2024								
Child Care Centers	State Rate		*QRIS Score 80-89		**QRIS Score 90-100			
	Top Tier	Lower Tier	Top Tier	Lower Tier	Top Tier	Lower Tier		
Infant (Full-time) (a) 6 wks to 13 mos	\$260.00	\$170.00	\$299.00	\$196.00	\$312.00	\$204.00		
Toddler (Full-time) (a) 13 mos to 31 mos	\$240.00	\$160.00	\$276.00	\$184.00	\$288.00	\$192.00		
Preschool (Full-time) (a) 31 mos to Kindergarten	\$208.00	\$148.00	\$239.00	\$170.00	\$250.00	\$178.00		
School In	\$79.00	\$75.00	\$91.00	\$86.00	\$95.00	\$90.00		
School Out	\$143.00	\$110.00	\$164.00	\$127.00	\$172.00	\$132.00		

Group Homes	State Rate		*QRIS Score 80-89		**QRIS Score 90-100	
	Top Tier	Lower Tier	Top Tier	Lower Tier	Top Tier	Lower Tier
Infant (Full-time) (a) 6 wks to 13 mos	\$215.00	\$143.00	\$247.00	\$164.00	\$258.00	\$172.00
Toddler (Full-time) (a) 13 mos to 31 mos	\$200.00	\$140.00	\$230.00	\$161.00	\$240.00	\$168.00
Preschool (Full-time) (a) 31 mos to Kindergarten	\$184.00	\$133.00	\$212.00	\$153.00	\$221.00	\$160.00
School In	\$101.00	\$75.00	\$116.00	\$86.00	\$121.00	\$90.00
School Out	\$135.00	\$100.00	\$155.00	\$115.00	\$162.00	\$120.00

Family Homes	State Rate		*QRIS Score 80-89		**QRIS Score 90-100	
	Top Tier	Lower Tier	Top Tier	Lower Tier	Top Tier	Lower Tier
Infant (Full-time) (a) 6 wks to 13 mos	\$200.00	\$133.00	\$230.00	\$153.00	\$240.00	\$160.00
Toddler (Full-time) (a) 13 mos to 31 mos	\$180.00	\$126.00	\$207.00	\$145.00	\$216.00	\$151.00
Preschool (Full-time) (a) 31 mos to Kindergarten	\$163.00	\$125.00	\$187.00	\$144.00	\$196.00	\$150.00
School In	\$119.00	\$79.00	\$137.00	\$91.00	\$143.00	\$95.00
School Out	\$125.00	\$120.00	\$144.00	\$138.00	\$150.00	\$144.00

Authorized	State Rate	
	Top Tier	Lower Tier
Infant (Full-time) (a) 6 wks to 13 mos	\$126.00	\$95.00
Toddler (Full-time) (a) 13 mos to 31 mos	\$119.00	\$88.00
Preschool (Full-time) (a) 31 mos to Kindergarten	\$95.00	\$78.00
School In	\$55.00	\$55.00
School Out	\$84.00	\$73.00

(a) Part-time for Infant, Toddler, and Preschool is one-half the full-time rate (rounded up)  
 \* = QRIS Scorecard 80-89 equal state rate plus a 15% quality bonus payment for TDHS Licensed Providers  
 \*\* = QRIS Scorecard 90-100 equal state rate plus a 20% quality bonus for TDHS Licensed Providers

**Note:** "Top Tier Counties" are those with the 20 highest average populations in 2022 and/or 20 highest per capita incomes 2022. The following counties meet one of those criteria: Anderson, Blount, Bradley, Cheatham, Davidson, Dickson, Dyer, Fayette, Gibson, Greene, Hamilton, Henry, Knox, Loudon, Madison, Maury, Montgomery, Putnam, Robertson, Rutherford, Sevier, Shelby, Sullivan, Sumner, Washington, Williamson, Wilson

**Note:** Beginning July 1, 2019 the State will add a 15% differential to counties identified as either distressed or child care deserts based on current Desert Mapping and annual distress county designations : Desert: • Regions are identified as a deficit of over 250 child care slots to meet the needs of families. This includes the following counties: Bradley, Campbell, Cannon, Chester, Coffee, Cumberland, Decatur, Dickson, Fentress, Franklin, Grainger, Greene, Hardeman, Hardin, Hawkins, Henderson, Hickman, Humphreys, Jefferson, Lawrence, Loudon, Macon, Marion, Marshall, Maury, McMinn, McNairy, Monroe, Montgomery, Morgan, Perry, Rhea, Roane, Smith, Union, Warren, White, Distressed as of July 1, 2025: Bledsoe, Cocke, Grundy, Hancock, Hardeman, Haywood, Lake, Perry, Scott

**Note:** Beginning July 1, 2019 a 15% differential above the current reimbursement rates will be provided for children receiving care in non-traditional hours. (The majority of the child's care is offered between the hours of 6:00pm and 6:00am.)

**Note:** Beginning October 1, 2021 a 15% differential above the current reimbursement rates will be provided for children receiving care and have been identified with disabilities and special needs.

**Note:** Beginning October 1, 2023 a 15% differential above the current reimbursement rates will be provided for infants and toddlers.





## Appendix F: QRIS Scorecard Observation Tools

1

Provider Name				FEIN:	
Provider Address				County:	
Licensing Consultant(s)				Type of Care:	
License Time Frame:		thru		Visit Date:	
				Visit Number:	

### Health and Safety Practices Classroom Observation Tool (57 Elements/Indicators) Value 60%

Rating	Point Value (33)	Elements and Indicators	Required Evidence
<b>HEALTH AND SAFETY PRACTICES</b>			
<b>Critical Items (CI): Must be monitored during each visit</b>			
Met Not Met	3	<b>CI 1.1: Administration of medication</b> Health and Safety 1240-04-01-.12	<ul style="list-style-type: none"> <li>Medication and preventative products authorized by proper parental documentation, received, and administered by designated staff. All unused medications returned to parent.</li> <li>Documentation of date when medication is returned to parent. (Medication log required – see “Tennessee Department of Human Services Child Care Agency Emergency Preparedness Plan Template”)</li> <li>View medication forms and ask about medication policy.</li> </ul>
Met Not Met	3	<b>CI 1.2: Emergency preparedness and response planning.</b> The child care provider shall comply with all other requirements related to emergency preparedness provided under T.C.A. § 71-3-517.  Emergency Preparedness 1240-04-01-.18	<ul style="list-style-type: none"> <li>Must have a written emergency preparedness plan to include all elements specified within 45 CFR 98.41(a)(1)(vii).                             <ul style="list-style-type: none"> <li>evacuation</li> <li>relocation</li> <li>shelter-in-place and lock down</li> <li>staff and volunteer emergency preparedness training and practice drills</li> <li>communication and reunification with families</li> <li>continuity of operations</li> <li>accommodation of infants and</li> </ul> </li> </ul>

Adapted from the 2020 Ohio Classroom Observation Tool which was developed by the Ohio Department of Education and the Ohio Department of Job and Family Services through a Race to the Top—Early Learning Challenge grant from the U.S. Department of Education and the U.S. Department of Health and Human Services (CFDA 84.412) (rev. 11.19.24)

			<p>toddlers, children with disabilities and children with chronic medical conditions.</p> <ul style="list-style-type: none"> <li>• Monthly review of emergency preparedness plan; fire drills conducted monthly.</li> <li>• One emergency drill, other than fires, conducted <u>quarterly</u>.</li> <li>• Review of emergency preparedness and fire procedures and physical walk through of evacuation process quarterly.</li> <li>• Policies are in place for annual staff training and all current staff have been trained on the provider’s emergency plan.</li> </ul>
Met Not Met	3	<p><b>CI 1.3: Prevention/response to food allergies</b></p> <p>Food and Food Service 1240-04-01-.13</p>	<ul style="list-style-type: none"> <li>• Staff shall have documentation of all children’s allergies and how to deal with any allergic reaction.</li> <li>• All allergies posted, and food/beverage substitutions made.</li> <li>• <u>If no children enrolled have food allergies, a sign should be posted stating that there are no known allergies. This sign should be posted prominently both where food is prepared and where is served.</u></li> <li>• Information about individual children’s food allergies shall be posted prominently, both where food is prepared and where food is served.</li> </ul>
Met Not Met	3	<p><b>CI 1.4: Use of Safe Sleep Practices</b></p> <p>Supervision 1240-04-01-.11</p> <p>Food and Food Service 1240-04-01-.13</p> <p><b>*Score NA if this is a school age only program.</b></p>	<ul style="list-style-type: none"> <li>• Prior to having unsupervised care for infants, educators should complete training on safe sleep practices inclusive of information on SIDS.</li> <li>• Educators receive orientation on safe sleep practices prior to caring for infants. Safe sleep supervision requirements shall be followed.</li> <li>• A copy of “Safe Sleep Practices” posted in each room that cares for infants.</li> <li>• Infants placed on their backs to sleep.</li> <li>• Educators shall check that no food is left in the mouth of an infant/toddler before putting the infant/toddler down to sleep.</li> <li>• Infants touched every fifteen (15)</li> </ul>

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			<p>minutes.</p> <ul style="list-style-type: none"> <li>• If a child appears not to be breathing, the child care provider shall immediately begin pediatric or age appropriate CPR and immediately call for emergency medical assistance.</li> <li>• Adult educators awake and supervising children in each nap room.</li> <li>• Infants shall sleep only in approved cribs or play yards.</li> <li>• No infant shall be allowed to sleep on a sofa, soft mattress, adult bed, in a car seat, in a swing, or in other restraining device.</li> <li>• Any cribs or other sleeping equipment prohibited by federal product safety regulations shall not be permitted.</li> <li>• Infants that arrive asleep in car seats or fall asleep in any piece of equipment other than a crib must be immediately removed and placed on their back in a crib.</li> <li>• Soft bedding that is prohibited includes, but not limited to, blankets, pillows, bumper pads, quilts, comforters, stuffed toys, and other soft items.</li> <li>• A blanket or covering available to each child sleeping on a mat.</li> <li>• Bibs removed prior to placing infants to sleep in crib.</li> <li>• Mobiles and other toys attached to any part of the crib prohibited.</li> <li>• Educator avoids letting infants overheat and ensures infants are dressed appropriately for the environment (no greater than 1 additional clothing layer more than an adult would wear in the same environment).</li> </ul>
<p>Met</p> <p>Not Met</p> <p>NA</p>	<p>3</p>	<p><b>CI 1.5: Precautions in transporting children (if applicable)</b></p> <p>Transportation 1240-04-01-.17</p> <p><b>*Score NA if the agency does not provide transportation.</b></p>	<ul style="list-style-type: none"> <li>• Follow Transportation Supervision procedures as required in 1240-04-01-.17.</li> <li>• Management responsibility for compliance with transportation rules and children.</li> <li>• Child care provider</li> </ul>

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			<p>conducts vehicle emergency evacuation drills quarterly.</p> <ul style="list-style-type: none"> <li>• Passenger logs contain first and last name of each child.</li> <li>• Transportation loading and unloading procedures followed as outline in licensing rules.</li> <li>• Driver and reviewer conduct separate physical walk through upon drop-off /return to agency and signs passenger log.</li> <li>• Passenger logs reconciled with master sign in/out sheet.</li> <li>• Driver records contain documentation of all requirements.</li> <li>• Vehicle signage requirements are followed per licensing rules.</li> <li>• Vehicle receives regular inspections and equipment maintained per licensing rules.</li> </ul>
Met Not Met	3	<p><b>CI 1.6: Prevention and control of infectious diseases (including immunization)</b></p> <p>Ownership, Organization and Administration 1240-04-01-.05</p> <p>Health and Safety 1240-04-01-.12</p> <p>Staff 1240-04-01-.06</p>	<p>Staff demonstrate knowledge either through observation or educator interview of:</p> <ul style="list-style-type: none"> <li>• Prevention and control, including the spread of infectious diseases.</li> <li>• Handling and storage of hazardous materials and the appropriate disposal of biological contaminants.</li> <li>• Policies are in place that require verification of immunizations, inclusive of any allowable exemptions, prior to enrolling a child.</li> </ul>
Met Not Met	3	<p><b>CI 1.7: Building and physical premises safety</b></p> <p>Health and Safety 1240-04-01-.12</p> <p>Food and Food Service 1240-04-01-.13</p> <p>Equipment for Children 1240-04-01-.14</p> <p>Physical Facilities 1240-04-01-.16</p>	<ul style="list-style-type: none"> <li>• Personal belongings of residents and staff must be inaccessible to children.</li> <li>• All medicines and preventative products stored properly.</li> <li>• Items labeled “keep out of the reach of children” <u>are locked</u> when not in use with the exception of hand soap. Bleach water/ soap water must be inaccessible when not in use.</li> <li>• Kitchen knives, etc. secured, inaccessible to children.</li> <li>• Electrical cords on equipment and cords on window blinds</li> </ul>

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			<p>inaccessible to children.</p> <ul style="list-style-type: none"> <li>• Building safe, clean, in good repair, free of hazards and clutter. Garbage removed from building.</li> <li>• Firearms not permitted on the premises, in any vehicle, or in the presence of children. <b>Exception: In a private residence, firearms/potentially hazardous items must be locked, out-of-sight, and inaccessible.</b></li> <li>• Compliance with state and local fire/environmental requirements. Maintain documentation of required inspections and approvals.</li> <li>• Guidelines for prevention of injuries by bottle warmers and microwaves should be followed.</li> <li>• Temperature in rooms used by children maintained between sixty-eight (68) to seventy-eight (78) degrees Fahrenheit.</li> <li>• Damaged/unsteady equipment immediately repaired or removed.</li> <li>• Swimming pools inaccessible/approved by local health department.</li> <li>• Unprotected ponds, wells, cisterns, unused refrigerators, and other similar hazards are inaccessible to children.</li> <li>• Pre-play inspection of outdoor play area prior to each use.</li> <li>• Outdoor space must be enclosed by fence or barrier at least four (4) feet in height.</li> <li>• Climbers, swings, heavy equipment (including portable) securely anchored.</li> <li>• Outdoor equipment well-made, safe, and clean.</li> <li>• Acceptable fall zone surfaces as recognized by the Consumer Product Safety Commission (CPSC) maintained at a minimum average depth of six (6) inches. Fall zones around swings and climbing equipment meets requirements. <b>Exception: this evidence will not be used to score school-age or Pre-K programs located in a school that do not use a licensed</b></li> </ul>
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			<p><b>outdoor space.</b></p> <ul style="list-style-type: none"> <li>Damaged/unsteady equipment immediately repaired or removed.</li> </ul>
Met Not Met	3	<p><b>CI 1.8: Prevention of shaken baby syndrome and abusive head trauma</b> Staff 1240-04-01.06</p> <p><b>*Score NA if this is a school age only program.</b></p>	<ul style="list-style-type: none"> <li>Prior to having unsupervised contact with children, each new employee shall complete training in shaken baby syndrome/abusive head trauma. <b>Exception: Not required for school-age only programs.</b></li> <li>Written policies are in place regarding procedures to identify and prevent shaken baby syndrome/abusive head trauma to include:                             <ul style="list-style-type: none"> <li>Recognizing potential signs and symptoms of shaken baby syndrome/abusive head trauma.</li> <li>Creating strategies for coping with crying, fussing, or distraught child.</li> <li>Understanding the development and vulnerabilities of the brain in infancy and early childhood.</li> </ul> </li> </ul>
Met Not Met	3	<p><b>CI 1.9:First aid and CPR</b> Health and Safety 1240-04-01.12</p>	<ul style="list-style-type: none"> <li>All staff must complete pediatric or age appropriate first aid and CPR training within ninety (90) days of employment</li> <li>At least one (1) staff member with current certification in pediatric or age appropriate First Aid on site at all times.</li> <li>At least one (1) staff member with current certification in pediatric or age appropriate CPR on site at all times.</li> </ul>

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<p>Met Not Met</p>	<p>3</p>	<p><b>CI 1.10:Supervision</b></p> <p>Supervision 1240-04-01-.11</p> <p>Specific Requirements for Homes, Groups,, and Centers 1240-04-01-.20, 21, &amp; 22</p> <p>Duty to report Child Abuse and Neglect 1240-04-01-.10</p> <p>Program, Language, and Literacy Development 1240-04-01-.15</p>	<ul style="list-style-type: none"> <li>• Required adult: child ratios and group sizes posted and followed in every classroom.</li> <li>• Staff conduct visual inspection immediately after closing for the day.</li> <li>• Staff must be alert and visually supervise children.</li> <li>• Staff show awareness of the entire group even if working with small children.</li> <li>• Mealtime supervision is appropriate for all ages and abilities of children.</li> <li>• The supervising educator during meals is prohibited from performing other classrooms duties unrelated to food service during mealtime.</li> <li>• The mealtime supervision plan is posted and followed.</li> <li>• Playground supervision must be maintained at all times. The playground supervision plan must be followed.</li> <li>• Children must never be left unsupervised.</li> <li>• Corporal punishment, restraint outside of holding for only as long as is necessary for the child to regain control, and verbally abusive or injurious discipline methods are prohibited.</li> <li>• Reasonable suspicions of abuse/neglect immediately reported to Department of Children’s Services (DCS), law enforcement, etc.</li> <li>• Children released to only the child’s parent/guardian, or other person authorized by the parent/guardian in accordance with the child care provider’s policies, unless otherwise directed by the Department of Children’s Services or law enforcement authorities.</li> <li>• Policies are in place regarding procedures for prevention, recognition, and reporting of abuse, neglect, and maltreatment.</li> </ul>
<p>Met Not Met</p>	<p>3</p>	<p><b>CI 1.11: Background Checks</b></p> <p>Criminal Background Check and State Registry/Records Review Procedures. 1240-04-01-.07</p>	<ul style="list-style-type: none"> <li>• Each employee has been background checked.</li> <li>• Employees with access to children have been cleared to work.</li> </ul>

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			<ul style="list-style-type: none"> <li>• The following persons are required to have a background check no more than ninety (90) days before having access to any child care provider:             <ul style="list-style-type: none"> <li>○ Any person who owns or operates a child care agency.</li> <li>○ Any person who applies to work in a child care agency as an employee, director, or manager.</li> <li>○ Any person who will provide substitute services to a child care provider for more than thirty-six (36) hours in a calendar year and who is counted in the adult: child ratio.</li> <li>○ Any person who is fifteen (15) years of age or older who will reside in a child care agency.</li> </ul> </li> <li>• New background checks are required when the staff member has been separated from employment from a child care provider within the State for a period of more than 180 consecutive days.</li> <li>• Background checks are required for all staff at least every five (5) years.</li> <li>• Persons excluded by law denied access to children.</li> </ul>
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Rating	Point Value (27)	Elements and Indicators	Required Evidence
<b>HEALTH AND SAFETY PRACTICES</b>			
<b>Element 1. Supervision Practices/Facilities/Equipment</b>			
Met Not Met	3	<b>E 1.1: Food sanitation procedures followed.</b>  Food and Food Services 1240-04-01-.13	<ul style="list-style-type: none"> <li>• High chairs and tables, on which food is prepared and served, shall be washed with soap and water and sanitized directly prior to and after snacks and meals.</li> <li>• All food shall be protected from contamination during storage, preparation, transportation, and serving.</li> <li>• The child care provider shall not serve home-preserved food or raw milk to children in care.</li> <li>• Raw fruits and vegetables prepared on-site shall be washed before use.</li> <li>• Milk and food shall not be placed on the table longer than fifteen (15) minutes prior to the beginning of the meal to avoid contamination and spoilage.</li> <li>• Staff shall wash their hands with soap and water before preparing and serving meals and snacks and after meals and snacks.</li> <li>• Children shall wash their hands with soap and water before and after meals and snacks.</li> <li>• Educators should not offer foods that are associated with young children’s choking incidents to children 5 years of age and younger.</li> <li>• Solid foods (including cereal) shall not be given to children with normal eating abilities in bottles or infant feeders unless written authorization from a physician is on file.</li> </ul>

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<p>Met Not Met</p>	<p>3</p>	<p><b>E 1.2: Infants/toddlers have clean, safe space for climbing, crawling, pulling up and exploring.</b></p> <p>Equipment for Children 1240-04-01-.14</p> <p><b>*Score NA if agency does not serve infants or toddlers.</b></p>	<ul style="list-style-type: none"> <li>• Equipment and a safe space on the floor shall be provided for infants and toddlers for climbing, crawling, pulling up and exploring without the use of confining equipment.</li> <li>• The equipment and safe space shall:                         <ul style="list-style-type: none"> <li>○ Be exclusively used for infants and toddlers; and</li> <li>○ Be clean and safe at all times.</li> </ul> </li> </ul>
<p>Met Not Met</p>	<p>3</p>	<p><b>E 1.3: Sufficient indoor space for children, adults, and furnishings. Ample space for adults and children to move around.</b></p> <p>Physical Facilities 1240-04-01-.16</p> <p>Specifics Requirements for Homes, Groups, and Centers 1240-04-01-.20 1240-04-01-.21 1240-04-01-.22</p>	<ul style="list-style-type: none"> <li>• Thirty (30) square feet of space per child indoors.</li> <li>• Fifty (50) square feet of space per child outdoors.</li> <li>• <u>Access for children and adults with disabilities: 32-inch doorways, easily accessible handles on doors, thresholds ½ inch or less. EXCEPTION: This does not apply to family and group child care agencies.</u></li> <li>• <u>Natural lighting in each operating classroom.</u></li> <li>• Controlled ventilation and light control in each operating classroom. (e.g., windows, fans, blinds, curtains etc.).</li> <li>• Ample space for children to move around and be involved in play activities and routines.</li> <li>• Adequate sound absorbing materials to control noise levels.</li> </ul>
<p>Met Not Met</p>	<p>3</p>	<p><b>E 1.4: At least one working telephone available. Telephone number made available to parents.</b></p> <p>Physical Facilities 1240-04-01-.16</p> <p>Ownership, Organization and Administration 1240-04-01-.05</p>	<ul style="list-style-type: none"> <li>• At least one (1) working telephone shall be available at the child care.</li> <li>• The telephone number shall be made available to parents.</li> <li>• Child care provider after-hours contact telephone phone number provided to parents in case of an emergency.</li> </ul>
<p>Met Not Met</p>	<p>2</p>	<p><b>E 1.5: Books, pictures, and materials representing people of different races, cultures, ages, abilities, and gender in non- stereotyping roles available for children.</b></p> <p>Program, Language, and Literacy Development 1240-04-01-.15</p>	<ul style="list-style-type: none"> <li>• Observation of books, pictures, and materials.</li> <li>• <u>At least two (2) pictures and two (2) materials represent some form of diversity.</u></li> <li>• <u>At least two (2) culturally diverse books shall be available for children to explore including board, cloth, and soft vinyl books.</u></li> </ul>

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<p>Met Not Met</p>	<p>2</p>	<p><b>E 1.6: Dramatic play materials include items from different cultures.</b>  Program Language and Literacy Development 1240-04-01-.15</p>	<ul style="list-style-type: none"> <li>• Observation of dramatic play props.</li> <li>• <u>At least two (2) types of dramatic play props representing other cultures/ diversity shall be accessible. Examples of props include but are not limited to dolls, puppets, play food, utensils, clothes, and menus.</u></li> </ul>
<p>Met Not Met</p>	<p>3</p>	<p><b>E 1.7: Furnishings and Equipment</b>  Equipment for Children 1240-04-01-.14</p>	<ul style="list-style-type: none"> <li>• Developmentally appropriate equipment and furnishings for each age group both indoors and outdoors.</li> <li>• Equipment manufacturer’s safety instructions followed, retained on-site, and communicated to staff.</li> <li>• Variety of developmentally appropriate equipment that provides at least two (2) play options.</li> <li>• Equipment organized and accessible to children.</li> <li>• <u>Child-sized</u> furniture is sturdy and in good repair.</li> <li>• Adaptive furniture accessible for children with disabilities.</li> </ul>
<p>Met Not Met NA</p>	<p>2</p>	<p><b>E 1.8: Animals in good health, immunized and free of ticks, fleas, etc. Animals shall not have access to food storage, preparation, and service areas. Reptiles and amphibians shall not be kept as pets.</b>  Physical Facilities 1240-04-01-.16  <b>Score NA if agency does not have animals.</b></p>	<ul style="list-style-type: none"> <li>• Records of “approved” animal immunizations on file.</li> <li>• Cages and/or pet areas are kept clean.</li> <li>• Educator and children wash their hands with soap and water after touching animals.</li> </ul>
<p>Met Not Met</p>	<p>3</p>	<p><b>E 1.9: Mealtime Supervision</b>  Supervision 1240-04-01-.11  Food and Food Service 1240-04-01-.13</p>	<ul style="list-style-type: none"> <li>• Develop, q written mealtime supervision plan based on the ages and abilities of the children. Update as needed.</li> <li>• if the infant is too young to use a high chair they shall be held while drinking from a bottle.</li> <li>• Food and drink prohibited while children are in beds, cots, cribs or on mats.</li> <li>• Bottles shall not be propped, and a child shall not be given a bottle while</li> </ul>

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			<p>lying flat.</p> <ul style="list-style-type: none"> <li>• Children shall not be permitted to carry a bottle with them throughout the day.</li> <li>• Physician authorized allergy action plan accessible.</li> <li>• Food shall not be given to a child until the supervising educator is able to provide focused attention to the child.</li> <li>• Children shall not be permitted to wear teething necklaces, pacifiers, or any item around their neck or attached to their clothing that are potentially hazardous and associated with choking.</li> <li>• Food is not accessible or served until it has been chopped, diced, cut, or mashed and is appropriate for each child’s age, and individual eating, chewing and swallowing ability.</li> </ul>
Met Not Met	3	<p><b>E 1.10 Playground Supervision</b></p> <p>Supervision 1240-04-01-.11</p> <p>Program Language and Literacy 1240-04-01-.15</p>	<ul style="list-style-type: none"> <li>• Develop and <u>post</u> a written playground supervision plan. Update as needed.</li> <li>• Develop simple playground rules and verbally communicate rules to children prior to outdoor play.</li> <li>• Roll call before leaving classroom and upon arrival at playground and prior to leaving playground and upon arrival in classroom.</li> <li>• Individual staff duties developed and followed to ensure age-appropriate supervision can be given to each child at all times.</li> </ul>

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Rating	Point Value (27)	Elements and Indicators	Required Evidence
<b>HEALTH AND SAFETY PRACTICES</b>			
<b>Element 2. Record Keeping</b>			
Met Not Met	3	<b>E 2.1: Children's records shall be complete, organized, maintained on-site and available to the Child Care Licensing Consultant at all times.</b>  Record Keeping 1240-04-01-.08	<ul style="list-style-type: none"> <li>A complete child care application is on file for each child enrolled containing the required documentation as listed in the child care licensing rules and regulations.</li> </ul>
Met Not Met	3	<b>E 2.2: Staff, and driver records contain documentation of all requirements</b>  Record Keeping 1240-04-01-.08	<ul style="list-style-type: none"> <li>All required documentation must be maintained and kept in an organized manner onsite (or in a centralized location if approved in advance) and available for immediate review.</li> </ul>
Met Not Met	3	<b>E 2.3: Substitute and volunteer records shall include hours and dates of service.</b>  Record Keeping 1240-04-01-.08	<ul style="list-style-type: none"> <li>Substitute and Volunteer Records: Records of substitutes and volunteers shall include their names, addresses, telephone numbers and hours and dates of service. These records should be maintained in their personnel record for department review.</li> <li>Substitute Pool Records: All staff records shall be available onsite where the substitute is working either as print copies or web-accessible documents.</li> </ul>
Met Not Met	3	<b>E 2.4: Documentation that staff have been screened and /or tested for communicable diseases and are medically cleared.</b>  Record Keeping 1240-04-01-.08	<ul style="list-style-type: none"> <li>Documentation that staff have been screened and, if necessary, tested and medically cleared for communicable diseases prior to having contact with children.</li> </ul>
Met Not Met	3	<b>E 2.5: Provider shall notify TDHS of serious incidents the same day through the eLicensing Portal.</b>  Incident Reporting 1240-04-01-.09	<ul style="list-style-type: none"> <li>Staff must be aware of the process for reporting serious incidents/ injuries.</li> <li>Agency shall maintain documentation of staff being training on the reporting process.</li> <li>Complaint Hotline information is posted in area easily seen by parents and staff.</li> </ul>
Met	3	<b>E 2.6: Daily attendance records maintained on sight including full name of child, signature of parent or authorized</b>	<ul style="list-style-type: none"> <li>Daily sign-in and sign-out sheets should include:</li> </ul>

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<p>Not Met</p>		<p><b>representative, and time in/out. Sign-in and out sheets maintained for one (1) year/immediately available.</b></p> <p>Record Keeping 1240-04-01-.08</p> <p>Supervision 1240-04-01-.11</p>	<ul style="list-style-type: none"> <li>○ Each child’s printed full name</li> <li>○ Date</li> <li>○ Time of entry</li> <li>○ Time of departure</li> <li>○ Space for printed name and signature of parent/guardian/authorized person</li> <li>● Sign-in and sign-out sheets maintained for 1 year and kept onsite. Agencies with computer programs provide documentation of daily attendance when requested.</li> <li>● Attendance maintained in some way in the classroom.</li> </ul>
<p>Met Not Met</p>	<p>3</p>	<p><b>E 2.7: Attendance monitored on field trips as outlined in 1240-4-1-.11 (4)(c)1-5.</b></p> <p>Supervision 1240-04-01-.11</p> <p>Ownership, Organization, and Administration 1240-04-01-.05</p> <p>Transportation 1240-04-01-.17</p> <p><b>*Score NA if the agency does not provide transportation or take off-site field trips.</b></p>	<ul style="list-style-type: none"> <li>● Observe that the transportation logs reflect the required attendance information.</li> <li>● Interview the staff and ask them the process for recording attendance while on a field trip.</li> <li>● The child care provider shall obtain individual permission slips signed and dated by the parent/guardian for each field trip prior to the activity.</li> <li>● The childcare provider shall monitor attendance by checking attendance as follows:             <ul style="list-style-type: none"> <li>○ Prior to leaving the childcare</li> <li>○ Upon arrival at each destination</li> <li>○ At the beginning and end of each activity (such as lunch, breaks, etc.)</li> <li>○ Upon departing each destination</li> <li>○ Upon arrival at the childcare.</li> </ul> </li> <li>● One adult present shall have a current certificate in advanced aquatic lifesaving skills (If swimming provided).</li> <li>● One adult (may be lifeguard provided by the facility) shall supervise from above the level of the swimmers.</li> <li>● The lifeguard, including those provided by a swimming facility, shall not be included in the required adult:</li> </ul>

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			child ratio while performing lifeguard duties.
Met  Not Met	3	<b>E 2.8: Adequate funding, budget available, financial records available.</b>  Ownership, Organization and Administration 1240-04-01-.05	<ul style="list-style-type: none"> <li>• Review budget (submitted annually and upon request).</li> <li>• Financial Records immediately available upon request.</li> </ul>
Met Not Met NA	3	<b>E 2.9: Records of subsidized child care/food supplements.</b>  Ownership, Organization and Administration 1240-04-01-.05	<ul style="list-style-type: none"> <li>• Review sign in &amp; out sheets and compare to subsidized records.</li> <li>• Review each child on subsidized childcare has current childcare certificate.</li> <li>• Review menu and list of food supplements made.</li> <li>• Records available immediately upon request.</li> </ul>

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Rating	Point Value (27)	Elements and Indicators	Required Evidence
<b>HEALTH AND SAFETY PRACTICES</b>			
<b>Element 3. Healthy Weight Practices/Disease Prevention</b>			
Met Not Met	2	<b>E 3.1: Food provided by the child care shall be in accordance with USDA’s Child and Adult Care Food Program (CACFP) nutritional guidelines.</b>  Food and Food Service 1240-04-01-.13	<ul style="list-style-type: none"> <li>If the child care provides food, it shall be in accordance with the USDA’s Child and Adult Care Food Program (CACFP) nutritional guidelines.</li> </ul>
Met Not Met	1	<b>E 3.2: Weekly menu posted and followed. Substitutions noted in advance of meal.</b>  Food and Food Service 1240-04-01-.13	<ul style="list-style-type: none"> <li>A weekly menu, that includes all snacks and food served, must be posted in a location the parents can view. The food served should be what is listed on the menu.</li> <li>Meal and snack substitutions must be noted on the menu in advance.</li> <li>No sugar sweetened beverages shall be served to children at any time by the child care provider.</li> </ul>
Met Not Met	1	<b>E 3.3: Food Storage</b>  Food and Food Service 1240-04-01-.13	<ul style="list-style-type: none"> <li>Once milk, formula, or breast milk has been warmed, it shall not be re-warmed or returned to the refrigerator.</li> <li>All contents remaining in bottles after feeding shall be discarded immediately after feeding.</li> <li>Frozen breast milk shall be labeled with the date it was expressed and the name of the child, date received, and refrigerated immediately.</li> <li>Previously opened baby food jars shall not be accepted in the child care agency.</li> <li>If food is fed directly from the jar by the educator, the jar shall be used for only one feeding and discarded.</li> <li>Single-service articles shall be made from nontoxic materials and shall be stored, handled, and dispensed in a sanitary manner.</li> <li>Written procedures in place to reduce cross-contamination of allergenic foods and other inadvertent exposure to allergens</li> </ul>

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			<p>for any child with food allergies.</p> <ul style="list-style-type: none"> <li>• Foods requiring refrigeration or cold storage shall be maintained at forty degrees Fahrenheit (40°F) or below.</li> <li>• Foods requiring hot storage shall be maintained at an internal temperature of one hundred forty degrees Fahrenheit (140°F) or above.</li> <li>• Frozen foods shall be maintained at a temperature of zero degrees Fahrenheit (0°F) or below.</li> <li>• Thermometers shall be placed in all refrigerators, freezers, and all other cold storage equipment.</li> </ul>
Met  Not Met	2	<p><b>E 3.4: Screen Time</b> Program, Language, and Literacy Development 1240-04-01-.15</p> <p><b>Score NA if no electronics or media are used.</b></p>	<ul style="list-style-type: none"> <li>• Electronic/media device prohibited for children under age two (2).</li> <li>• Television, video/DVD viewing limited to one (1) hour per day for educational/physical activities only. Computers and personal electronic device usage limited to on (1) hour.</li> <li>• Alternative activity(s) available while TV/Video in use.</li> <li>• Television, video/DVD viewing not allowed during meals/snacks.</li> <li>• Programs, movies, computer games, music must be developmentally appropriate/no violent or adult content.</li> <li>• Parents informed in writing of any scheduled media program viewing.</li> </ul>
Met  Not Met	2	<p><b>E 3.5: Rest Period</b> Program Language and Literacy Development 1240-04-01-.15</p>	<ul style="list-style-type: none"> <li>• Children in care six (6) hours or more have an opportunity to rest.</li> <li>• Each child shall be allowed to form his or her own patterns of sleep.</li> <li>• Observe to see when a child shows signs of being tired (yawning, rubbing their eyes, and fussing) if they are allowed to rest before the scheduled nap time.</li> <li>• When awake, a child shall not be left in a crib/bed or on a cot or mat for any length of time that is unreasonable for the developmental age of the child.</li> <li>• No child shall be forced to lie down or nap or be forced to stay on a cot</li> </ul>

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			<p>or on a mat for an extended period of time.</p> <ul style="list-style-type: none"> <li>• Children shall be allowed to participate in a quiet activity if not asleep within in a reasonable time or if they wake up prior to the end of the rest period.</li> <li>• Areas where a child sleeps shall have adequate lighting which allows the educator to see each child with a quick glance and respond appropriately to each child’s physical and emotional needs.</li> <li>• If music is played in areas where children sleep, the music shall be soothing and soft enough so children can be heard.</li> </ul>
Met Not Met	1	<p><b>E 3.6: Provider complies with requirements on outdoor play and indoor/outdoor physical activity.</b></p> <p>Program Language and Literacy Development 1240-04-01-.15</p> <p>Specific Requirements for Child Care Centers 1240-04-01-.22</p>	<ul style="list-style-type: none"> <li>• The schedule must reflect indoor/outdoor play and physical activity.</li> <li>• Plan and implement activities that engage children in developmentally appropriate active physical play indoors and outdoors.</li> <li>• All children in care more than three (3) daylight hours have an opportunity for daily outdoor play.</li> <li>• Weather permitting, infants shall be taken outside two (2) to three (3) times per day.</li> <li>• Toddlers have sixty to ninety (60-90) minutes of moderate to vigorous physical play activity per eight (8) hour day.</li> <li>• Preschoolers have ninety (90) to one hundred and twenty (120) minutes of moderate to vigorous physical activity per eight (8) hour day.</li> <li>• Children shall be properly dressed, and the length of time outside adjusted according to the weather conditions and the age of the children.</li> <li>• Educators shall be alert for any signs of weather-related distress, including dehydration, heat stroke, and frostbite.</li> </ul>

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Met Not Met	1	<b>E 3.7: Materials used stimulate a variety of large muscle skills.</b> Program Language and Literacy 1240-04-01-.15	<ul style="list-style-type: none"> <li>• Portable and stationary gross motor materials must be accessible to all children including children with disabilities.</li> <li>• The gross motor materials must stimulate a variety of skills (ex. balancing, pedaling, ball play).</li> </ul>
Met Not Met	1	<b>E 3.8: Balance between vigorous activity and quiet play or rest.</b> Program, Language, and Literacy Development 1240-04-01-.15	<ul style="list-style-type: none"> <li>• For infants less than (6) months of age, each infant shall have direct supervised tummy time every day when they are awake and alert.</li> <li>• The schedule must provide a balance between active and quiet activities.</li> <li>• Active and quiet play materials must be accessible to children throughout the day, so they can choose their own activities.</li> </ul>
Met Not Met	2	<b>E 3.9: Open space provided indoors and outdoors for active physical play.</b> Program Language and Literacy 1240-04-01-.15	<ul style="list-style-type: none"> <li>• Indoor physical activities, requiring children to use both large and small muscles, shall be provided for children of each age group.</li> <li>• An indoor area used for active physical play will be made available for use. This may be accommodated by moving furniture for a limited amount of time.</li> <li>• Gross motor space is available indoors and outdoors for active physical play.</li> <li>• There must be a variety of active play options.</li> <li>• Play equipment must be age appropriate.</li> </ul>
Met Not Met	2	<b>E 3.10: Smoking/Vaping not permitted in any indoor area or vehicle of child care agency at any time “No Smoking/Vaping” signs posted as required.</b> Ownership, Organization, and Administration 1240-04-01-.05  Health and Safety 1240-04-01-.12	<ul style="list-style-type: none"> <li>• No smoking/vaping signs shall be posted in a conspicuous manner at each entrance to the facility.</li> <li>• Smoking/vaping is not permitted in any indoor area or vehicle of the childcare at any time.</li> <li>• Smoking/vaping is not permitted on the playground or in any outdoor area accessible to children during the time children are present.</li> <li>• Smoking/vaping is not permitted within fifty (50) feet of the childcare entrance.</li> </ul>

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Met Not Met	2	<b>E 3.11: Breakfast shall be provided to children arriving before 7:00am and has not had breakfast at home.</b>  Food and Food Service 1240-04-01-.13	<ul style="list-style-type: none"> <li>Breakfast shall be provided to children arriving before 7:00am and that have not had breakfast at home. <b>Exception: This does not apply to children who receive breakfast at school.</b></li> </ul>
Met Not Met	2	<b>E 3.12: Injuries, illness, accidents documented and reported to parents as required.</b>  Incident Reporting 1240-04-02-.09	<ul style="list-style-type: none"> <li>Reports of incidents, illnesses, accidents, and injuries must be reported to parents/guardians immediately.</li> <li>Documentation must be provided to the parent/guardian on the same day as the incident/accident/injury.</li> <li>The agency must not delay emergency treatment due to a delay in contacting the parent/guardian.</li> <li>All serious injuries/incidents must be reported to DHS on the day they occur.</li> </ul>
Met Not Met	2	<b>E 3.13: Each child observed upon arrival for signs of illness and injury.</b>  Health and Safety 1240-04-01-.12	<ul style="list-style-type: none"> <li>Observe each child upon arrival each day for signs of illness and injury.</li> </ul>
Met Not Met	2	<b>E 3.14: Parent/guardian contacted immediately when a child shows signs of illness or infection.</b>  Health and Safety 1240-04-01-.12	<ul style="list-style-type: none"> <li>Designated staff shall immediately contact a parent/guardian when a child shows sign of illness or infection.</li> </ul>
Met Not Met	2	<b>E 3.15: Universal and standard precautions are used when handling/cleaning and disposal of bodily fluids.</b>  Health and Safety 1240-04-01-.12	<ul style="list-style-type: none"> <li>The agency has written and posted procedures for handling bodily fluids such as diapering and how to use sanitizing and cleaning products in the classroom.</li> <li>Children are checked regularly throughout the day and changed promptly when wet or soiled.</li> <li>Educators use sanitary procedures when diapering.</li> <li><u>The hand-washing sink should be located at the diapering/toileting area.</u></li> <li>Diapering surfaces are off the floor and non-porous.</li> <li>Children are not left unattended on the diapering surface.</li> </ul>

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<p>Met Not Met</p>	<p>2</p>	<p><b>E 3.16: Approved first aid kit accessible/staff familiar with contents and use.</b>  Health and Safety 1240-04-01-.12</p>	<ul style="list-style-type: none"> <li>• All staff must be aware of the location of first aid kits.</li> <li>• All staff must be familiar with the contents of the first aid kit.</li> <li>• <u>First aid kits must be accessible to staff in all classrooms.</u></li> <li>• <u>First aid kits must be accessible to staff on the playground.</u></li> </ul>
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SAMPLE

Adapted from the 2020 Ohio Classroom Observation Tool which was developed by the Ohio Department of Education and the Ohio Department of Job and Family Services through a Race to the Top—Early Learning Challenge grant from the U.S. Department of Education and the U.S. Department of Health and Human Services (CFDA 84.412) (rev. 11.19.24)

Rating	Point Value (27)	Elements and Indicators	Required Evidence
<b>Health and Safety Practices</b>			
<b>Element 4: Organizational Structure/Qualifications</b>			
Met Not Met	3	<b>E 4.1 : Parent communication-Developmental checklist</b>  Ownership, Organization and Administration 1240-04-01-.05	<ul style="list-style-type: none"> <li>The child care provider shall use a developmental checklist approved by the Department as a guide for conducting annual individual parent meetings to discuss the child’s progress and development.</li> <li>Documentation of the meetings must be maintained in the child’s record.</li> </ul> <p><b>Exception: Not required for school-age children participating in after-school programs</b></p>
Met Not Met	2	<b>E 4.2: Preparing child and family for successful transitions at each care level.</b>  Record Keeping 1240-04-01-.08  <b>*Score NA if School Age Only Program or if Family/Group home with no transitions.</b>	<ul style="list-style-type: none"> <li>Each infant, toddler and pre-school child shall have a transition plan for moving from one age group to another.</li> <li>The agency must develop a consistent routine for transitioning.</li> <li>The agency must maintain documentation of reviewing transition plan with family.</li> </ul>
Met Not Met	2	<b>E 4.3: Notices and Postings-Licenses, Rating, menus, schedule, violations</b>  Ownership, Organization and Administration 1240-04-01-.05	<p>The following must be posted where parents can see:</p> <ul style="list-style-type: none"> <li>License to operate</li> <li>Critical Violations</li> <li>TDHS rating</li> <li>The child care provider’s operating hours.</li> <li>The Department’s toll-free Child Care Complaint Hotline phone number.</li> <li>Emergency procedures.</li> <li>Record of fire and other emergency drills.</li> </ul> <p>The following shall be posted in the classroom for parents to see:</p> <ul style="list-style-type: none"> <li>Daily Schedule</li> <li>Required adult: child ratios and group size</li> </ul> <p>Other materials posted as directed by the</p>

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			<p>Department.</p> <ul style="list-style-type: none"> <li>The Department of Children’s Services’ Central Intake Child Abuse Hotline number. This information shall also be posted at each telephone.</li> <li>Applicable Department licensing rules shall be maintained in a central space and available to all staff and parents/guardians.</li> <li>No vaping/smoking signs posted in a conspicuous manner at each entrance to the facility.</li> </ul>
Met Not Met	2	<b>E 4.4: Accreditation</b>	<ul style="list-style-type: none"> <li><u>Child Care Provider has documentation of current accreditation from a nationally recognized outside agency.</u></li> <li><u>Accreditation certificate is posted in a conspicuous location where parents can observe.</u></li> </ul>
Met Not Met	1 2 3	<b>E 4.5: Director Qualifications</b>  Staff 1240-04-01-.06	<ul style="list-style-type: none"> <li><u>Directors with qualifications above the minimum for compliance will receive a point value, based on education/training.</u> <ul style="list-style-type: none"> <li>1 point for minimum qualifications</li> <li><u>2 points for associate degree in child development or related field.</u></li> <li><u>3 points for bachelor’s degree or higher in child development or a related field.</u></li> </ul> </li> </ul>
Met Not Met	1 2 3	<b>4.6: Educator Qualifications</b>  Staff 1240-04-01-.06  <b>*Score NA if Family/Group Home only has a primary educator and has no other staff.</b>	<ul style="list-style-type: none"> <li><u>Educators with qualifications above the minimum for compliance will receive a point value, based on education/training.</u> <ul style="list-style-type: none"> <li>1 point all staff meet minimum qualifications</li> <li><u>2 points if 50% of staff have CDA or higher.</u></li> <li><u>3 points if 75% of staff have a CDA or associate degree or higher in child development or a related field.</u></li> </ul> </li> </ul>
Met Not Met	2	<b>E 4.7: Hiring Practices/Annual Evaluations</b>  Staff 1240-04-01-.06	<ul style="list-style-type: none"> <li>Teaching staff, assistant directors, and directors shall be evaluated on the performance of their duties at least annually.</li> <li>Records of performance evaluations</li> </ul>

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			shall be maintained in the educator’s files and made available to the Department upon request.
Met Not Met	3	<p><b>E 4.8: Orientation</b></p> <p>Staff 1240-04-01-.06</p> <p><b>*Score NA if no new staff</b></p>	<ul style="list-style-type: none"> <li>• Prior to having contact with children, each new employee shall receive orientation in, and have a working knowledge of the following items:                             <ul style="list-style-type: none"> <li>○ Before You Begin pre-service training</li> <li>○ Program philosophy and policies</li> <li>○ Job description</li> <li>○ Emergency health and safety procedures</li> <li>○ Behavior management procedures</li> <li>○ Detection, reporting, and prevention of child abuse</li> <li>○ Procedures for receiving and releasing children</li> <li>○ Safe sleep procedures</li> <li>○ Meal service and safe food preparation policies</li> <li>○ Supervision during high risk activities such as eating and outdoor play</li> <li>○ Food allergies</li> <li>○ Expectations for communications with parent/guardian</li> <li>○ Disease control and health promotion, including childhood obesity and the beneficial health impacts of physical activity</li> <li>○ An overview of licensing requirements</li> <li>○ Information on risks of Cytomegalovirus (CMV) to female employees of childbearing age.</li> </ul> </li> </ul>
Met Not Met	3	<p><b>E 4.9 Child Care Provider Drug Testing Policy</b></p> <p>Ownership, Organization, and Administration 1240-04-01.05</p>	<ul style="list-style-type: none"> <li>• Child care providers shall establish a drug testing policy for all staff that have direct contact with children, as defined by the Department, with a child in the care of the child care agency.</li> <li>• The policy shall:                             <ul style="list-style-type: none"> <li>○ Specify when and how testing should be completed.</li> </ul> </li> </ul>

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			<ul style="list-style-type: none"> <li>○ Provide for immediate and effective enforcement action in the event of a positive drug test; and</li> <li>○ Require drug testing based upon reasonable suspicion that employees, directors, licensees, or operators of a child care agency, or other persons providing service under contract or for remuneration for the agency, are engaged in the use of illegal drugs.</li> </ul>
Met Not Met	2	<p><b>E 4.10: Written program description.</b></p> <p>Ownership, Organization, and Administration 1240-04-01-.05</p> <p>Program, Language, and Literacy Development 1240-04-01-.15</p> <p>Specific Requirements for Child Care Centers 1240-04-01-.22</p>	<ul style="list-style-type: none"> <li>• There is a written expulsion policy in place that aligns with the TDHS Early Childhood Expulsion and Suspension Policy Statement to prevent, reduce, and eliminate suspension and expulsion.</li> <li>• Written lesson plans must be available for each group of children.</li> <li>• Notification of the change to the program description must be submitted to the Tennessee Department of Human Services (TDHS) ten (10) calendar days prior to making the change.</li> <li>• The provider must maintain a signed Personal Safety Curriculum Notification Form indicating the parent/guardian has been notified and provided an opportunity to review the child sexual abuse/personal safety curriculum. <b>Exception: Not required for school-age programs</b></li> <li>• Children not kept over twelve (12) hours without approval.</li> <li>• The agency must provide the declarations page of their insurance policy showing general liability, medical payment insurance, and automobile insurance if transportation is provided.</li> </ul>
Met Not Met	2	<p><b>E 4.11: Owners/directors/primary educators responsible for staff/operations of program.</b></p> <p>Staff 1240-04-01-.06</p>	<ul style="list-style-type: none"> <li>• The agency must designate a staff member in charge in the director’s absence. The name and contact information of the staff member must be posted.</li> </ul>

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**Notes:**

\_\_\_\_\_  
**Director/ Primary Educator Signature**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Licensing Consultant Signature**

\_\_\_\_\_  
**Date**

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Provider Name				FEIN:	
Provider Address				County:	
Licensing Consultant(s)				Type of Care:	
License Time Frame:		thru		Visit Date:	
				Visit Number:	

**Teacher/Child Interactions Classroom Observation Tool  
(18 Elements/Indicators)  
Value: 40%**

Rating	Point Value (16)	Elements and Indicators	Required Evidence
<b>TEACHER/CHILD INTERACTIONS</b>			
<b>Element 1. Early Learning Activities and Routines</b>			
Met Not Met	2	<b>E 1.1: Inclusiveness/Choice/Balance of Teacher &amp; Child initiated activities. (Opportunities for children to feel motivated to explore and learn).</b>  Program Language and Literacy 1240-04-01.-15	<ul style="list-style-type: none"> <li>Each child provided an opportunity to participate in program activities.</li> <li>Balance between child’s choice and educator directed activities.</li> <li>Direct supervised tummy time for infants less than six (6) months</li> <li>Group times limited based on children’s age and ability to encourage independent exploration should children lose interest.</li> <li>All children allowed to move freely and choose their own companions during free play.</li> <li><u>Offer tailored support and modifications to ensure children with special educational needs can participate fully in all activities. [If there are not any children with special needs, N/A].</u></li> </ul>
Met Not Met	2	<b>E 1.2: Routines and activities are scheduled to occur at the same time each day.</b>  Ownership, Organization & Administration 1240-01.-05	<ul style="list-style-type: none"> <li>Infants’ schedules should be individualized based on each child’s needs.</li> <li><u>Routines are done individually to limit wait times. (Example: stagger bathroom time)</u></li> <li>Written and/ or visual schedules should demonstrate routines that occur at approximately the same time and in the same sequence each day while also allowing flexibility with activities.</li> </ul>

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			<ul style="list-style-type: none"> <li>• Monitor children's involvement in scheduled activities to ensure they are actively participating.</li> <li>• <u>Maintain a predictable routine that helps all children feel secure and understand what to expect next.</u></li> </ul>
Met Not Met	2	<p><b>E 1.3: Offering developmentally appropriate activities, (reading, writing, play, sorting, self-care, outdoor play) use wide range of language when engaging and allow children to build imagination, independence, and to develop a love of learning.</b></p> <p>Program, Language &amp; Literacy Development 1240-04-01-.15</p> <p>Equipment for Children 1240-04-01-.14</p>	<ul style="list-style-type: none"> <li>• Developmentally appropriate opportunities for learning, self-expression, and indoor physical activities for each age group daily.</li> <li>• Appropriate materials are placed for easy access by all children.</li> <li>• Educators use of a variety of language and materials such as books, fine motor, blocks, dramatic play, etc. to encourage cognitive learning/critical thinking/ and develop motor skills.</li> <li>• <u>Use educational materials that reflect a diverse range of cultures, languages, abilities, and family structures.</u></li> </ul>
Met Not Met	2	<p><b>E 1.4: Rotation of activities/materials to engage child interest</b></p>	<ul style="list-style-type: none"> <li>• <u>Extra materials stored in classroom for easy use by the educator.</u></li> <li>• <u>Materials relevant to the current curriculum accessible.</u></li> <li>• <u>Additional Infant/toddler mouthed toys swapped out daily.</u></li> </ul>
Met Not Met	2	<p><b>E 1.5: Activities with planned instruction followed and teacher influenced.</b></p>	<ul style="list-style-type: none"> <li>• <u>Children’s interests considered when planning activities.</u></li> <li>• <u>The Lesson is theme based and relates to what is observed.</u></li> <li>• <u>Lesson plan posted and is related to what is observed.</u></li> <li>• <u>Design group activities that encourage children of all abilities to participate and interact.</u></li> </ul>
Met Not Met	2	<p><b>E 1.6 Children see and interact with print materials.</b></p>	<ul style="list-style-type: none"> <li>• <u>Print materials are used when age-appropriate to help children make connections to their daily lives (Examples include, but are not limited to, weather charts, calendars, and a menu from a familiar local restaurant).</u></li> <li>• <u>Children’s work displayed.</u></li> <li>• <u>Children’s names around the classroom for children to see, promoting recognition of the letters and sounds in names.</u></li> <li>• <u>Educators point to and talk about displayed print items in the classroom (children’s names, labels, signs, alphabet and shapes; Real life pictures of animals, objects, and places).</u></li> </ul>

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			<ul style="list-style-type: none"> <li>• <u>Books and other print materials are integrated throughout the classroom learning spaces.</u></li> <li>• <u>Educators read with children daily, pointing out and naming pictures and words, encouraging children’s hands-on participation, and supporting serve and return conversations and comprehension through the use of a variety of conversational techniques.</u></li> </ul>
Met Not Met	2	<b>E 1.7: Language used with children is enriching and educational.</b>	<ul style="list-style-type: none"> <li>• Language is used for more than discipline or care needs.</li> <li>• <u>Conversations take place during routines.</u></li> <li>• <u>Educators talk with children through serve-and-return conversations, noticing all nonverbal cues, including eye contact, gestures, touch, smiles, pointing, etc.</u></li> <li>• <u>Educators respond with more than a “yes or no” when asked a question, offering an explanation or more information.</u></li> <li>• <u>Educators engage children in conversation about things that interest them.</u></li> <li>• <u>Educator asks open-ended questions building on children’s dialogue</u></li> <li>• <u>Educators integrate new words during shared reading and play, both in the classroom and outdoors.</u></li> <li>• <u>Educators use comments and a variety of questions to support children’s curiosity during play, both in the classroom and outdoors.</u></li> </ul>

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<p>Met Not Met</p>	<p>2</p>	<p><b>E 1.8: Review of Curriculum/Lesson Planning Program, Language &amp; Literacy Development</b> <b>1240-04-01-.15</b></p>	<ul style="list-style-type: none"> <li>• <u>The lesson plan of activities supports the curriculum.</u></li> </ul> <p>The director or primary educator documents they have observed the use of the applicable developmental learning standards within the classroom. The following content is evident in the planning:</p> <ul style="list-style-type: none"> <li>• TN-ELDS</li> </ul> <p>Educators demonstrate knowledge of the following in their daily educational activities to enhance the learning environment.</p> <ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• TN-ELDS</li> <li>• Literacy</li> <li>• Developmental Milestones</li> <li>• Developmentally Appropriate Practices</li> <li>• Parent Involvement</li> <li>• <u>Inclusive Practices</u></li> </ul>
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Rating	Point Value (6)	Elements and Indicators	Required Evidence
<b>TEACHER/CHILD INTERACTIONS</b>			
<b>Element 2. Responsive Caregiving</b>			
Met Not Met	2	<b>E 2.1: Educator engages in activities with the children (serve &amp; return interactions).</b>	<ul style="list-style-type: none"> <li>• <u>Educator’s focus is on the child’s interest.</u></li> <li>• <u>Educators actively engage, comment, interpret, and imitate children’s communication.</u></li> <li>• <u>Educators position themselves face-to-face as much as possible when interacting with children.</u></li> <li>• <u>Educators notice children’s interests and comment, ask a variety of questions, and make meaningful contributions during activities.</u></li> <li>• <u>Educators join in and play while using serve-and-return interactions to build connections with children and support conversational turns.</u></li> </ul>
Met Not Met	2	<b>E 2.2: Educators respond to/interact with children consistently in a warm, encouraging manner.</b>  Program, Language, and Literacy Development 1240-04-01-.15	<ul style="list-style-type: none"> <li>• Warm and positive tone of voice.</li> <li>• Shows warmth through positive body language such as touch, eye contact, or holding children on their lap.</li> <li>• <u>Sitting next to children as they engage in play and read stories.</u></li> <li>• Interacting with children as they do things independently.</li> <li>• <u>Engaging children’s questions and answers through listening, understanding, and responding.</u></li> <li>• Encouraging children to participate.</li> <li>• <u>Educators acknowledge and validate children’s emotions and feelings.</u></li> <li>• <u>Educator remains calm.</u></li> <li>• <u>No ignoring of children’s verbal or non-verbal requests. (i.e.: responsive to infants’ fussing, etc.)</u></li> <li>• No negative or condescending remarks/comments in response to children.</li> <li>• <u>Educators provide rich social interactions such as smiling, talking, touching, singing, calling child by name, and engaging in eye contact.</u></li> </ul>
Met Not Met	2	<b>E 2.3: Educators show regard for child perspective/extend learning opportunities through</b>	<ul style="list-style-type: none"> <li>• <u>Allows children to lead and incorporate their desired activities, interests into circle, group, and free choice play.</u></li> </ul>

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	<p><b>effective use of questioning, listening, and responding (allow child-initiated activities/interactions as appropriate, elicit child ideas, encourage child talk).</b></p> <p>Program, Language, and Literacy Development</p> <p>1240-04-01-.15</p>	<ul style="list-style-type: none"> <li>• <u>Books about feelings and emotions must be present in the classroom and utilized as a resource to help children better understand their own feelings and emotions when applicable.</u></li> <li>• Help the children problem-solve and assist in helping another child that is upset.</li> <li>• <u>Encouraging children to consider other’s points of view and ask questions.</u></li> <li>• <u>Educators use a combination of closed and open-ended questions to engage children in serve and return conversations and learn about their interests.</u></li> <li>• <u>Educators allow for ample time for children to think about and respond to questions.</u></li> <li>• <u>Educators demonstrate interest in and respect for children by listening attentively and responding positively to children’s thoughts, ideas, feelings, and questions, which may be demonstrated through the child’s gaze, vocalizations, movements, and/or speech.</u></li> </ul>
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SAMPLE

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Rating	Point Value (12)	Elements and Indicators	Required Evidence
<b>TEACHER/CHILD INTERACTIONS</b>			
<b>Element 3. Behavior Support and Guidance</b>			
Met Not Met	3	<p><b>E 3.1: Appropriate behavior interventions based upon age and development of children (positive guidance/focusing on positive behavior) and reasonable/appropriate discipline- redirection that a child can understand (without being shaming, abusive, or injurious).</b></p> <p>Program language and Literacy Development 1240-04-01.-15</p> <p>Ownership, Organization, and Administration 1240-04-01.-05</p>	<ul style="list-style-type: none"> <li>• <u>The director/primary educator has made available social-emotional resources that support appropriate child development.</u></li> <li>• <u>Educators are familiar with how to access resources that support appropriate social-emotional development.</u></li> <li>• Strategies in place for behavior management that are consistent and can be explained by the educator.</li> <li>• <u>Educator focus is on the positive rather than the negative to teach a child what is safe for the child and other children.</u></li> <li>• <u>Educator modifies the learning and play environment to support appropriate behavior. (Schedule, routine, transitions, etc.)</u></li> <li>• <u>Educator uses encouragement and descriptive praise.</u></li> <li>• <u>Educator models desired behavior.</u></li> <li>• <u>Behavioral interventions shall be developmentally appropriate, with consideration given to the attention spans and skills of individual children.</u></li> <li>• Less restrictive, positive behavior management techniques shall be employed before using time-out.</li> <li>• Time out is reasonable and developmentally appropriate and does not include restraint or seclusion.</li> <li>• <u>The educator explains how time out works before using it for the first time.</u></li> <li>• <u>Educator ends time out on a positive note, allowing the child to feel good again.</u></li> <li>• The length of each time-out session shall be based on the age of the child and shall not exceed one (1) minute per each year of age of the child; provided, however, that no child under thirty-six (36) months shall be placed in time out. Redirection or other similar approaches for children under thirty-six (36) months are used in the classroom.</li> </ul>

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			<ul style="list-style-type: none"> <li>• Children not made to sit on potty/toilet over five (5) minutes.</li> <li>• Educators shall focus upon positive behavior and on the individual child’s strengths.</li> <li>• Discipline is reasonable and developmentally appropriate. Shaming, humiliating, frightening, , and/or techniques that isolate the child are prohibited.</li> <li>• Discipline shall not be related to food, rest, or toileting. Food shall not be used or withheld as a form of discipline.</li> </ul>
Met Not Met	3	<b>E 3.2: Opportunities for children to acquire social skills and better engage with other children.</b>	<ul style="list-style-type: none"> <li>• <u>Children given opportunities for natural groupings/choices.</u></li> <li>• <u>Educator encourages children to engage in positive peer interactions.</u></li> <li>• <u>Staff model good social skills and help children develop appropriate social behavior.</u></li> </ul>
Met Not Met	3	<b>E 3.3: Clear &amp; Appropriate behavior expectations are given.</b>	<ul style="list-style-type: none"> <li>• <u>Classroom rules are posted and reviewed with the children to teach and reinforce appropriate behavior.</u></li> <li>• <u>Staff talks through what is appropriate and inappropriate behavior giving examples and modeling that behavior.</u></li> <li>• <u>An individualized behavior plan should be created and approved by both educators and parents and/or caregivers as needed to address inappropriate behavior(s)</u></li> </ul>
Met Not Met	3	<b>E 3.4: Conflicts among children are minimized and redirected using positive guidance.</b>  Program language and Literacy Development 1240-04-01.-15	<ul style="list-style-type: none"> <li>• Strategies in place for conflict management that are consistent and can be explained by the educator.</li> <li>• Educators stop negative interactions (ex. Fighting over toys, mean words) and encourage positive interactions by modeling that behavior (ex. Kind words, cooperating with others).</li> <li>• The educator shall first redirect the child’s attention and substitute a desirable activity prior to disciplining the child.</li> </ul>

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Rating	Point Value (6)	Elements and Indicators	Required Evidence
<b>TEACHER/CHILD INTERACTIONS</b>			
<b>Element 4. Family Engagement and Interactions</b>			
Met Not Met	2	<p><b>E 4.1: Parent Notification of Policies</b></p> <p>Emergency Preparedness 1240-04-01-.18</p> <p>Ownership, Organization and Administration 1240-04-01-.05</p>	<ul style="list-style-type: none"> <li>• Parents must be informed of the written emergency preparedness/ multi-hazard plan.</li> <li>• The child care agency shall ensure that a copy of the child care agency’s policies, procedures, and the Department’s Summary of Licensing Requirements is supplied to the parents/guardians upon admission of the child. Written acknowledgement from the parent/guardian must be maintained in the child’s file.</li> <li>• The child care agency’s policies shall include, at a minimum:                             <ul style="list-style-type: none"> <li>○ Criteria for the disenrollment of children.</li> <li>○ Specific criteria concerning the release of children.</li> <li>○ Written parental permission for observation of children by non-child care agency staff.</li> <li>○ Behavior management techniques.</li> <li>○ Procedures to allow for a planned transition of a child to another program if expulsion must occur.</li> <li>○ Hours of operation.</li> <li>○ Late fees.</li> <li>○ Rates.</li> <li>○ Inclement weather.</li> <li>○ Emergency Preparedness policy.</li> <li>○ Whether the environment is smoke free.</li> <li>○ Meal Service policy.</li> <li>○ The child care agency has made available an after-hours contact telephone number in the event of emergencies.</li> <li>○ Mandated Child Abuse Reporting</li> </ul> </li> </ul>

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<p>Met Not Met</p>	<p>2</p>	<p><b>E 4.2: Regular Parent Communication</b></p> <p>Ownership, Organization, and Administration 1240-04-01-.05</p> <p>Record Keeping 1240-04-01-.08</p> <p>Incident Reporting 1240-04-01-.09</p> <p>Program, Language, and Literacy Development 1240-04-01-.15</p>	<ul style="list-style-type: none"> <li>• Written acknowledgement of policy notification when a policy is changed.</li> <li>• Parents/guardians shall be permitted to see the professional credential(s) of staff upon request.</li> <li>• The child care agency shall have ongoing communication with parents/guardians to include curriculum, changes in personnel and any changes affecting children’s routine care.</li> <li>• <u>The child care agency hosts planned conferences with the parent/guardian and the caregiver/educator to discuss activities for the healthy development of the child.</u></li> <li>• The child care agency shall document immediately and report incidents, accidents, injuries, and signs of illness to the parent/ guardian no later than the child’s release on the date of the occurrence.</li> <li>• The child care agency shall provide the documentation to the parent/guardian the same day of the incident and file in the child’s record.</li> <li>• The child care agency shall report serious injuries or signs of serious illness to the parent/guardian immediately.</li> <li>• Health information from recognized health organizations available for parents.</li> <li>• Educator encourages parents to share information regarding the child’s evening/morning/life events.</li> <li>• Parents given a daily record of their infant’s activities such as feeding, diapering and napping.</li> <li>• Educator shall document any obvious signs of marks or injuries and note any comments from parents.</li> <li>• Toilet learning shall be done in cooperation with the parents. Communication with parent should be maintained throughout the process.</li> </ul>
<p>Met Not Met</p>	<p>2</p>	<p><b>E 4.3: Family Involvement encouraged</b></p>	<ul style="list-style-type: none"> <li>• <u>Family Advisory Board works with the director and educators to meet the needs of all children and parents. The board must have input into the program.</u></li> <li>• <u>Families participate in decision making and goal setting for their child.</u></li> <li>• <u>Families encouraged to volunteer time helping in classrooms.</u></li> <li>• <u>Families encouraged to share information regarding the child’s family and culture. Teachers incorporate this into their classroom and curriculum.</u></li> </ul>

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(Rev 09/20/2024)

Notes:

\_\_\_\_\_  
Director/ Primary Educator Signature

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Date

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Licensing Consultant Signature

\_\_\_\_\_  
Date

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Provider Name				FEIN:	
Provider Address				County:	
Licensing Consultant(s)				Type of Care:	
License Time Frame:		thru		Visit Date:	
				Visit Number:	

**Teacher/Child Interactions Classroom Observation Tool  
(18 Elements/Indicators)  
Value: 40%**

Rating	Point Value (16)	Elements and Indicators	Required Evidence
<b>TEACHER/CHILD INTERACTIONS</b>			
<b>Element 1. Early Learning Activities and Routines</b>			
Met Not Met	2	<b>E 1.1: Inclusiveness/Choice/Balance of Teacher &amp; Child initiated activities. (Opportunities for children to feel motivated to explore and learn).</b>  Program Language and Literacy 1240-04-01.-15	<ul style="list-style-type: none"> <li>Each child provided an opportunity to participate in program activities.</li> <li>Balance between child’s choice and educator directed activities.</li> <li>Direct supervised tummy time for infants less than six (6) months</li> <li>Group times limited based on children’s age and ability to encourage independent exploration should children lose interest.</li> <li>All children allowed to move freely and choose their own companions during free play.</li> <li><u>Offer tailored support and modifications to ensure children with special educational needs can participate fully in all activities. [If there are not any children with special needs, N/A].</u></li> </ul>
Met Not Met	2	<b>E 1.2: Routines and activities are scheduled to occur at the same time each day.</b>  Ownership, Organization & Administration 1240-01.-05	<ul style="list-style-type: none"> <li>Infants’ schedules should be individualized based on each child’s needs.</li> <li><u>Routines are done individually to limit wait times. (Example: stagger bathroom time)</u></li> <li>Written and/ or visual schedules should demonstrate routines that occur at approximately the same time and in the same sequence each day while also allowing flexibility with activities.</li> </ul>

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			<ul style="list-style-type: none"> <li>• Monitor children's involvement in scheduled activities to ensure they are actively participating.</li> <li>• <u>Maintain a predictable routine that helps all children feel secure and understand what to expect next.</u></li> </ul>
Met Not Met	2	<p><b>E 1.3: Offering developmentally appropriate activities, (reading, writing, play, sorting, self-care, outdoor play) use wide range of language when engaging and allow children to build imagination, independence, and to develop a love of learning.</b></p> <p>Program, Language &amp; Literacy Development 1240-04-01-.15</p> <p>Equipment for Children 1240-04-01-.14</p>	<ul style="list-style-type: none"> <li>• Developmentally appropriate opportunities for learning, self-expression, and indoor physical activities for each age group daily.</li> <li>• Appropriate materials are placed for easy access by all children.</li> <li>• Educators use of a variety of language and materials such as books, fine motor, blocks, dramatic play, etc. to encourage cognitive learning/critical thinking/ and develop motor skills.</li> <li>• <u>Use educational materials that reflect a diverse range of cultures, languages, abilities, and family structures.</u></li> </ul>
Met Not Met	2	<p><b>E 1.4: Rotation of activities/materials to engage child interest</b></p>	<ul style="list-style-type: none"> <li>• <u>Extra materials stored in classroom for easy use by the educator.</u></li> <li>• <u>Materials relevant to the current curriculum accessible.</u></li> <li>• <u>Additional Infant/toddler mouthed toys swapped out daily.</u></li> </ul>
Met Not Met	2	<p><b>E 1.5: Activities with planned instruction followed and teacher influenced.</b></p>	<ul style="list-style-type: none"> <li>• <u>Children's interests considered when planning activities.</u></li> <li>• <u>The Lesson is theme based and relates to what is observed.</u></li> <li>• <u>Lesson plan posted and is related to what is observed.</u></li> <li>• <u>Design group activities that encourage children of all abilities to participate and interact.</u></li> </ul>
Met Not Met	2	<p><b>E 1.6 Children see and interact with print materials.</b></p>	<ul style="list-style-type: none"> <li>• <u>Print materials are used when age-appropriate to help children make connections to their daily lives (Examples include, but are not limited to, weather charts, calendars, and a menu from a familiar local restaurant).</u></li> <li>• <u>Children's work displayed.</u></li> <li>• <u>Children's names around the classroom for children to see, promoting recognition of the letters and sounds in names.</u></li> <li>• <u>Educators point to and talk about displayed print items in the classroom (children's names, labels, signs, alphabet and shapes; Real life pictures of animals, objects, and places).</u></li> </ul>

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			<ul style="list-style-type: none"> <li>• <u>Books and other print materials are integrated throughout the classroom learning spaces.</u></li> <li>• <u>Educators read with children daily, pointing out and naming pictures and words, encouraging children’s hands-on participation, and supporting serve and return conversations and comprehension through the use of a variety of conversational techniques.</u></li> </ul>
Met Not Met	2	<b>E 1.7: Language used with children is enriching and educational.</b>	<ul style="list-style-type: none"> <li>• Language is used for more than discipline or care needs.</li> <li>• <u>Conversations take place during routines.</u></li> <li>• <u>Educators talk with children through serve-and-return conversations, noticing all nonverbal cues, including eye contact, gestures, touch, smiles, pointing, etc.</u></li> <li>• <u>Educators respond with more than a “yes or no” when asked a question, offering an explanation or more information.</u></li> <li>• <u>Educators engage children in conversation about things that interest them.</u></li> <li>• <u>Educator asks open-ended questions building on children’s dialogue</u></li> <li>• <u>Educators integrate new words during shared reading and play, both in the classroom and outdoors.</u></li> <li>• <u>Educators use comments and a variety of questions to support children’s curiosity during play, both in the classroom and outdoors.</u></li> </ul>

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<p>Met Not Met</p>	<p>2</p>	<p><b>E 1.8: Review of Curriculum/Lesson Planning Program, Language &amp; Literacy Development</b> <b>1240-04-01-.15</b></p>	<ul style="list-style-type: none"> <li>• <u>The lesson plan of activities supports the curriculum.</u></li> </ul> <p>The director or primary educator documents they have observed the use of the applicable developmental learning standards within the classroom. The following content is evident in the planning:</p> <ul style="list-style-type: none"> <li>• TN-ELDS</li> </ul> <p>Educators demonstrate knowledge of the following in their daily educational activities to enhance the learning environment.</p> <ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• TN-ELDS</li> <li>• Literacy</li> <li>• Developmental Milestones</li> <li>• Developmentally Appropriate Practices</li> <li>• Parent Involvement</li> <li>• <u>Inclusive Practices</u></li> </ul>
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Rating	Point Value (6)	Elements and Indicators	Required Evidence
<b>TEACHER/CHILD INTERACTIONS</b>			
<b>Element 2. Responsive Caregiving</b>			
Met Not Met	2	<b>E 2.1: Educator engages in activities with the children (serve &amp; return interactions).</b>	<ul style="list-style-type: none"> <li>• <u>Educator’s focus is on the child’s interest.</u></li> <li>• <u>Educators actively engage, comment, interpret, and imitate children’s communication.</u></li> <li>• <u>Educators position themselves face-to-face as much as possible when interacting with children.</u></li> <li>• <u>Educators notice children’s interests and comment, ask a variety of questions, and make meaningful contributions during activities.</u></li> <li>• <u>Educators join in and play while using serve-and-return interactions to build connections with children and support conversational turns.</u></li> </ul>
Met Not Met	2	<b>E 2.2: Educators respond to/interact with children consistently in a warm, encouraging manner.</b>  Program, Language, and Literacy Development 1240-04-01-.15	<ul style="list-style-type: none"> <li>• Warm and positive tone of voice.</li> <li>• Shows warmth through positive body language such as touch, eye contact, or holding children on their lap.</li> <li>• <u>Sitting next to children as they engage in play and read stories.</u></li> <li>• Interacting with children as they do things independently.</li> <li>• <u>Engaging children’s questions and answers through listening, understanding, and responding.</u></li> <li>• Encouraging children to participate.</li> <li>• <u>Educators acknowledge and validate children’s emotions and feelings.</u></li> <li>• <u>Educator remains calm.</u></li> <li>• <u>No ignoring of children’s verbal or non-verbal requests. (i.e.: responsive to infants’ fussing, etc.)</u></li> <li>• No negative or condescending remarks/comments in response to children.</li> <li>• <u>Educators provide rich social interactions such as smiling, talking, touching, singing, calling child by name, and engaging in eye contact.</u></li> </ul>
Met Not Met	2	<b>E 2.3: Educators show regard for child perspective/extend learning opportunities through</b>	<ul style="list-style-type: none"> <li>• <u>Allows children to lead and incorporate their desired activities, interests into circle, group, and free choice play.</u></li> </ul>

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	<p><b>effective use of questioning, listening, and responding (allow child-initiated activities/interactions as appropriate, elicit child ideas, encourage child talk).</b></p> <p>Program, Language, and Literacy Development 1240-04-01-.15</p>	<ul style="list-style-type: none"> <li>• <u>Books about feelings and emotions must be present in the classroom and utilized as a resource to help children better understand their own feelings and emotions when applicable.</u></li> <li>• Help the children problem-solve and assist in helping another child that is upset.</li> <li>• <u>Encouraging children to consider other’s points of view and ask questions.</u></li> <li>• <u>Educators use a combination of closed and open-ended questions to engage children in serve and return conversations and learn about their interests.</u></li> <li>• <u>Educators allow for ample time for children to think about and respond to questions.</u></li> <li>• <u>Educators demonstrate interest in and respect for children by listening attentively and responding positively to children’s thoughts, ideas, feelings, and questions, which may be demonstrated through the child’s gaze, vocalizations, movements, and/or speech.</u></li> </ul>
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Rating	Point Value (12)	Elements and Indicators	Required Evidence
<b>TEACHER/CHILD INTERACTIONS</b>			
<b>Element 3. Behavior Support and Guidance</b>			
Met Not Met	3	<p><b>E 3.1: Appropriate behavior interventions based upon age and development of children (positive guidance/focusing on positive behavior) and reasonable/appropriate discipline-redirection that a child can understand (without being shaming, abusive, or injurious).</b></p> <p>Program language and Literacy Development 1240-04-01.-15</p> <p>Ownership, Organization, and Administration 1240-04-01.-05</p>	<ul style="list-style-type: none"> <li>• <u>The director/primary educator has made available social-emotional resources that support appropriate child development.</u></li> <li>• <u>Educators are familiar with how to access resources that support appropriate social-emotional development.</u></li> <li>• Strategies in place for behavior management that are consistent and can be explained by the educator.</li> <li>• <u>Educator focus is on the positive rather than the negative to teach a child what is safe for the child and other children.</u></li> <li>• <u>Educator modifies the learning and play environment to support appropriate behavior. (Schedule, routine, transitions, etc.)</u></li> <li>• <u>Educator uses encouragement and descriptive praise.</u></li> <li>• <u>Educator models desired behavior.</u></li> <li>• <u>Behavioral interventions shall be developmentally appropriate, with consideration given to the attention spans and skills of individual children.</u></li> <li>• Less restrictive, positive behavior management techniques shall be employed before using time-out.</li> <li>• Time out is reasonable and developmentally appropriate and does not include restraint or seclusion.</li> <li>• <u>The educator explains how time out works before using it for the first time.</u></li> <li>• <u>Educator ends time out on a positive note, allowing the child to feel good again.</u></li> <li>• The length of each time-out session shall be based on the age of the child and shall not exceed one (1) minute per each year of age of the child; provided, however, that no child under thirty-six (36) months shall be placed in time out. Redirection or other similar approaches for children under thirty-six (36) months are used in the classroom.</li> </ul>

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			<ul style="list-style-type: none"> <li>• Children not made to sit on potty/toilet over five (5) minutes.</li> <li>• Educators shall focus upon positive behavior and on the individual child’s strengths.</li> <li>• Discipline is reasonable and developmentally appropriate. Shaming, humiliating, frightening, , and/or techniques that isolate the child are prohibited.</li> <li>• Discipline shall not be related to food, rest, or toileting. Food shall not be used or withheld as a form of discipline.</li> </ul>
Met Not Met	3	<b>E 3.2: Opportunities for children to acquire social skills and better engage with other children.</b>	<ul style="list-style-type: none"> <li>• <u>Children given opportunities for natural groupings/choices.</u></li> <li>• <u>Educator encourages children to engage in positive peer interactions.</u></li> <li>• <u>Staff model good social skills and help children develop appropriate social behavior.</u></li> </ul>
Met Not Met	3	<b>E 3.3: Clear &amp; Appropriate behavior expectations are given.</b>	<ul style="list-style-type: none"> <li>• <u>Classroom rules are posted and reviewed with the children to teach and reinforce appropriate behavior.</u></li> <li>• <u>Staff talks through what is appropriate and inappropriate behavior giving examples and modeling that behavior.</u></li> <li>• <u>An individualized behavior plan should be created and approved by both educators and parents and/or caregivers as needed to address inappropriate behavior(s)</u></li> </ul>
Met Not Met	3	<b>E 3.4: Conflicts among children are minimized and redirected using positive guidance.</b>  Program language and Literacy Development 1240-04-01.-15	<ul style="list-style-type: none"> <li>• Strategies in place for conflict management that are consistent and can be explained by the educator.</li> <li>• Educators stop negative interactions (ex. Fighting over toys, mean words) and encourage positive interactions by modeling that behavior (ex. Kind words, cooperating with others).</li> <li>• The educator shall first redirect the child’s attention and substitute a desirable activity prior to disciplining the child.</li> </ul>

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Rating	Point Value (6)	Elements and Indicators	Required Evidence
<b>TEACHER/CHILD INTERACTIONS</b>			
<b>Element 4. Family Engagement and Interactions</b>			
Met Not Met	2	<p><b>E 4.1: Parent Notification of Policies</b></p> <p>Emergency Preparedness 1240-04-01-.18</p> <p>Ownership, Organization and Administration 1240-04-01-.05</p>	<ul style="list-style-type: none"> <li>• Parents must be informed of the written emergency preparedness/ multi-hazard plan.</li> <li>• The child care agency shall ensure that a copy of the child care agency’s policies, procedures, and the Department’s Summary of Licensing Requirements is supplied to the parents/guardians upon admission of the child. Written acknowledgement from the parent/guardian must be maintained in the child’s file.</li> <li>• The child care agency’s policies shall include, at a minimum:                             <ul style="list-style-type: none"> <li>○ Criteria for the disenrollment of children.</li> <li>○ Specific criteria concerning the release of children.</li> <li>○ Written parental permission for observation of children by non-child care agency staff.</li> <li>○ Behavior management techniques.</li> <li>○ Procedures to allow for a planned transition of a child to another program if expulsion must occur.</li> <li>○ Hours of operation.</li> <li>○ Late fees.</li> <li>○ Rates.</li> <li>○ Inclement weather.</li> <li>○ Emergency Preparedness policy.</li> <li>○ Whether the environment is smoke free.</li> <li>○ Meal Service policy.</li> <li>○ The child care agency has made available an after-hours contact telephone number in the event of emergencies.</li> <li>○ Mandated Child Abuse Reporting</li> </ul> </li> </ul>

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<p>Met Not Met</p>	<p>2</p>	<p><b>E 4.2: Regular Parent Communication</b>                  Ownership, Organization, and Administration                  1240-04-01-.05                   Record Keeping                  1240-04-01-.08                   Incident Reporting                  1240-04-01-.09                   Program, Language, and Literacy Development                  1240-04-01-.15</p>	<ul style="list-style-type: none"> <li>• Written acknowledgement of policy notification when a policy is changed.</li> <li>• Parents/guardians shall be permitted to see the professional credential(s) of staff upon request.</li> <li>• The child care agency shall have ongoing communication with parents/guardians to include curriculum, changes in personnel and any changes affecting children’s routine care.</li> <li>• <u>The child care agency hosts planned conferences with the parent/guardian and the caregiver/educator to discuss activities for the healthy development of the child.</u></li> <li>• The child care agency shall document immediately and report incidents, accidents, injuries, and signs of illness to the parent/ guardian no later than the child’s release on the date of the occurrence.</li> <li>• The child care agency shall provide the documentation to the parent/guardian the same day of the incident and file in the child’s record.</li> <li>• The child care agency shall report serious injuries or signs of serious illness to the parent/guardian immediately.</li> <li>• Health information from recognized health organizations available for parents.</li> <li>• Educator encourages parents to share information regarding the child’s evening/morning/life events.</li> <li>• Parents given a daily record of their infant’s activities such as feeding, diapering and napping.</li> <li>• Educator shall document any obvious signs of marks or injuries and note any comments from parents.</li> <li>• Toilet learning shall be done in cooperation with the parents. Communication with parent should be maintained throughout the process.</li> </ul>
<p>Met Not Met</p>	<p>2</p>	<p><b>E 4.3: Family Involvement encouraged</b></p>	<ul style="list-style-type: none"> <li>• <u>Family Advisory Board works with the director and educators to meet the needs of all children and parents. The board must have input into the program.</u></li> <li>• <u>Families participate in decision making and goal setting for their child.</u></li> <li>• <u>Families encouraged to volunteer time helping in classrooms.</u></li> <li>• <u>Families encouraged to share information regarding the child’s family and culture. Teachers incorporate this into their classroom and curriculum.</u></li> </ul>

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(Rev 09/20/2024)

Notes:

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Director/ Primary Educator Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Licensing Consultant Signature

\_\_\_\_\_  
Date

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## Appendix G: Required Training for Child Care Workers

Type of Child Care Program	Position	Required Training	Training Hours
Family or Group Home	Primary Educator	Annual training	18 hours total
	Educator	Annual training	12 hours total
	Both Types	Health and safety	At least 6 of the required total hours
		Pre-literacy and literacy skills and education implementation	At least 3 of the required total hours
		Adverse childhood experiences	Every 5 years (length not specified)
Child Care Center	Director	Earn credit during the year in one academic course* from an accredited academic institution -OR-	
		Annual training	At least 24 total hours
	Assistant Director	Earn credit during the year in one academic course* from an accredited academic institution -OR-	
		Annual training	At least 18 total hours
		Administration, management, or supervisory training	At least 4 of the 18 total hours
	Educator	Annual training	12 hours total
Directors, Assistants, and Educators	Health and safety	At least 6 of the required total hours	
	Pre-literacy and literacy skills and education implementation	At least 3 of the required total hours	
	Adverse childhood experiences	Every 5 years (length not specified)	

*\*in administration, child development, early childhood education, health/safety, or related field.*

Educators who hold one of the following degrees/credentials as recognized by the Department shall instead comply with the training requirements for experienced educators after the first year: Bachelor’s or Associate’s degree in child development or a related field; Child Development Associate credential; Certified Child Care Professional (CCP) credential.

For all positions above (in homes or centers), four of the required total hours each year may be earned by conducting training. All hours earned during the provisional licensure period count towards the first year hourly training requirements.

Drop-in Center	Director	Annual training	At least 6 total hours
		Health and safety	At least 3 of the required total hours
		Administration, management, or supervisory training	At least 3 of the required total hours
	Educator	Annual training—health and safety	At least 3 total hours
	Both	Adverse childhood experiences	Every 5 years (length not specified)

Directors may earn two of the required hours by conducting training; educators may earn one. All hours earned during the provisional licensure period count towards first-year requirements.

Source: Rules of the Tennessee Department of Human Services, Division of Child Care and Community Services Rule 1240-04-01-.06 (6)(c), effective June 29, 2022.

### **Child Care and Development Block Grant (CCDBG) Health and Safety Training Topics**

Family, Group, and Center staff cycle through the requisite topics every three years.

Drop-in staff cycle through the topics every four years.

#### Required topics:

- Prevention and control of infectious diseases (including immunization)
- SIDS and use of safe sleep practices
- Administration of medication
- Prevention/response to food allergies
- Building and physical premises safety
- Prevention of shaken baby syndrome and abusive head trauma
- Emergency preparedness and response planning
- Storage of hazardous materials and biocontaminants
- Precautions in transporting children (if applicable)
- First aid and CPR
- Child development, including the major domains:  
(cognitive, social, emotional, physical development and approaches to learning)