WRITTEN TESTIMONY OF
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BEFORE THE
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Committee on Education and Workforce
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Chair Kiley, Ranking Member Bonamici, and Members of the Committee:

The Kentucky Chamber of Commerce appreciates this opportunity to speak before the subcommittee. My name is Kate Shanks, and I am the Senior Vice President of Public Affairs at the Kentucky Chamber. Our Chamber is the largest business association in Kentucky, and our mission is to advocate for policies to strengthen the Commonwealth's economy and support our members. I am honored to be here today to share how Kentucky is taking an innovative and comprehensive approach to increasing access to child care and supporting working families.

Child care access is critically important to Kentucky's business community because of its potential to alleviate our state's long-standing workforce challenges and support economic growth. At just 80.3 percent, Kentucky's workforce participation rate for 25- to 54-year-olds in 2025 was among the 10 lowest in the nation and 3.3 percentage points lower than the national average. Last year, 329,000 working-age Kentucky adults were neither working nor looking for work, and 68.3 percent of these adults were women.[1]

According to research by the Kentucky Chamber Center for Policy and Research, increasing child care availability and making it more affordable could help 16,000 to 28,000 non-working Kentucky adults join or rejoin the workforce, leading to $599.9 million to $1.097 billion annually in new wages, sales tax revenues, and state income tax revenues. This would

[1] U.S. Bureau of Labor Statistics, "States: Employment Status of the Civilian Noninstitutional Population by Sex and Intermediate Age, 2025 11-Month Averages" (January 30, 2026), https://www.bls.gov/lau/ptable14afull2025.htm

narrow the workforce participation gap between Kentucky and the nation and help move Kentucky out of the bottom 10 states.[2]

Beyond the impact on parental workforce participation, we also know that access to high-quality child care can lead to strong educational and developmental gains for children, with important social and economic benefits later in life.

Because of the positive impacts of child care access on children, families, and our economy, the Kentucky Chamber's Board of Directors made addressing child care challenges a key pillar of our current strategic plan. The Kentucky Chamber prioritizes sustainable and innovative solutions to help ensure that any Kentucky family who wants and needs child care has access to affordable, high-quality services in their community.

Our approach to advancing child care solutions has centered on collaboration and partnerships. In 2024, we launched the Kentucky Collaborative on Child Care, a partnership with the Convergence Center for Policy Resolution and the Lift a Life Novak Family Foundation. The Collaborative brought together a range of different perspectives on child care and worked together for two years to formulate consensus-driven solutions.[3]

That collaborative approach has led to meaningful policy action. In 2026, the Collaborative's recommended solutions served as the foundation for House Bill 6, a child care reform package sponsored by State Representative Samara Heavrin, Chair of Kentucky's House Families and Children Committee. House Bill 6 passed with strong bipartisan support, with 84 out of 100 votes in the Kentucky House and 36 out of 38 in the Senate. In addition, our General Assembly appropriated a historic investment of more than $135 million across fiscal years 2027 and 2028 to strengthen child care access.

Our strong partnership with Kentucky's General Assembly has been critical to advancing child care solutions in the Commonwealth. The chairs of the House and Senate committees on families and children, Representative Samara Heavrin and Senator Danny Carroll, are fearless champions for child care. Our House Speaker, David Osborne, cosponsored House Bill 6. Senate President Robert Stivers has testified in support of child care legislation, and lawmakers like Senator Julie Raque Adams have helped carry child care legislation to passage. This partnership has been critical to the progress we've made in Kentucky.

We know there is no single solution to Kentucky's child care challenges. The barriers facing families, providers, employers, and communities are complex. To that end, solutions in Kentucky have focused on ensuring quality, increasing availability, and improving

[2] Kentucky Chamber Center for Policy and Research, *A Workforce Solution That Works: How Child Care Can Close Kentucky's Workforce Gaps and Grow Our Economy* (August 2025), https://www.kychamber.com/sites/default/files/pdfs/A%20Workforce%20Solution%20That%20Works.pdf

[3] Kentucky Collaborative on Child Care, *A Foundation for Action: Shared Solutions to Child Care Challenges in Kentucky* (May 2025), https://www.kychamber.com/sites/default/files/pdfs/A%20Foundation%20for%20Action_0.pdf

affordability. I want to highlight five innovative initiatives underway in Kentucky that demonstrate how we are working to strengthen access to child care.

1. Child Care Workforce. I would like to start with a unique program focused on the child care workforce. Any effort to expand access to quality child care depends on having trained and qualified adults to provide that care—but attracting and retaining child care workers is a challenge across the country.

Low wages are a key part of the problem. In Kentucky, the average hourly wage for child care workers in 2025 was $14.67, according to data from the Bureau of Labor Statistics. This was slightly above hourly rates for dishwashers and slightly below rates for parking attendants.[4]

The wage challenge in the child care sector is rooted in the fact that child care is, *by necessity*, labor-intensive. Ensuring safe, quality care for children requires multiple trained adults. On top of this, margins for the small businesses, nonprofits, and faith organizations that provide child care services are thin. If providers raise wages, they will have to pass those costs on to families who already struggle to afford child care. Consequently, wages are low in this sector, which makes it difficult for providers to attract and retain qualified workers. A study by the Federal Reserve Bank of Cleveland found that turnover among child care workers in 2022 was 65 percent higher than turnover in a typical occupation.[5] This dynamic affects the quality of care, puts additional strain on an already challenging business model, and limits the number of children a provider can serve.

In our view, solutions to this challenge must be strategic and carefully implemented. One such solution that Kentucky has implemented is to make child care workers eligible for the state's low-income subsidy program regardless of their household income. Child care workers must meet all non-income requirements of the program and work in a licensed child care facility, but their household income is excluded for purposes of program eligibility. This program is frequently called the "free child care for child care workers" program.

The Kentucky Division of Child Care launched this initiative in 2022. The recently passed House Bill 6 codified it into state law this year. State lawmakers in Kentucky have appropriated necessary funding to support the program, with $17.2 million in state general fund dollars provided in the current fiscal year. In fiscal year 2025, the program benefited 5,364 child care workers in the state.[6]

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[4] U.S. Bureau of Labor Statistics, "May 2025 State Occupational Employment and Wage Estimates" (May 15, 2026), https://www.bls.gov/oes/2025/may/oessrcst.htm

[5] Kyle D. Fee, *Using Worker Flows to Assess the Stability of the Early Childcare and Education Workforce, 2010–2022* (Federal Reserve Bank of Cleveland, January 19, 2024), https://www.clevelandfed.org/publications/cd-reports/2024/20240119-childcare-and-education-workforce

[6] Kentucky Department for Community Based Services, *Child Care and Development Fund Block Grant Program Status Report: July 1–December 31, 2025* (March 24, 2026), https://apps.legislature.ky.gov/CommitteeDocuments/369/44493/06%2017%202026%204.%20CCDF%20Half%20Year%2012.2025.pdf

Feedback from providers about this initiative has been universally positive, with many saying it has allowed them to attract and retain workers by offering a unique employee benefit unavailable in other industries. Most importantly, it has helped providers offer more stable and reliable care to families in their communities. At least 9 other states have enacted similar policies since 2022. Helping child care providers recruit and retain qualified workers strengthens the quality of care and increases providers' capacity to serve more families.

2. Microcenters. Strengthening the child care workforce is one piece of the challenge. We also need models of care that can work in communities that may have limited access to traditional child care centers. An innovation Kentucky is pursuing is a new form of state licensure called "microcenters." Tennessee has allowed microcenters for years, while Indiana is currently piloting them. These centers are meant to serve smaller groups of children—typically fewer than 30—and operate under more flexible, yet still safe, regulations. For example, rules related to on-site kitchens, playgrounds, and mixed age groups may be less stringent at a microcenter than at a traditional center. One way to think about microcenters is to picture a child care service that is smaller than a licensed child care center but larger than a family child care home. They have the potential to fill an important gap in the market.

In Kentucky, House Bill 6 authorized up to 10 microcenters statewide, beginning next year. The opportunity to operate a microcenter will be limited to experienced child care providers already operating in Kentucky. As Kentucky moves toward implementation, we will work collaboratively with our lead state agency and policymakers to implement an optimal regulatory framework next year.

3. Certified Child Care Communities. Increasing access also requires looking beyond state child care policy. Barriers exist at the local level, such as local land-use and zoning regulations. Some jurisdictions impose zoning or land-use requirements that may make it impossible for a provider to open or operate a new service. Parking and drop-off/pick-up requirements, for instance, are common barriers at the local level. In other instances, a residential zone might prohibit or restrict the operation of family child care homes or require special permitting. Challenges like these can prevent prospective child care providers from opening services where need is the greatest or from creating new services altogether.

To address this issue, Kentucky has created a new program called Certified Child Care Communities, which encourages local governments to bring their zoning and land-use rules into alignment with best practices. This legislation was inspired by actions taken by the city of Louisville, which, in 2022, changed its zoning ordinances to make it easier to open and operate child care centers safely in commercial, industrial, and residential areas. These reforms have helped new services open in the city and fill important market gaps like 24-hour child care.

The Certified Child Care Communities program will provide Kentucky communities with a model ordinance to help them reform their zoning and land-use rules. Communities that voluntarily participate in the program will be listed on a public website and promoted to employers looking to expand their operations. Once the Certified Child Care Communities program is fully implemented, our hope is that local governments in Kentucky will opt in and reform their zoning ordinances to help increase access to child care.

4. Employee Child Care Assistance Partnership. To support families, policy should address both availability and affordability. Even when care is available, working families still struggle to afford it. Simply increasing supply, while important, will not necessarily improve affordability. Kentucky is working to address that challenge by leveraging public-private partnerships through the Employee Child Care Assistance Partnership, or ECCAP.

ECCAP aligns with what organizations like the Child Care Trust have described as a "Shared Responsibility Model." In this financing model, "families, employers, and government each contribute to the cost of child care, rather than any single party bearing it alone."[7] Through ECCAP, the state matches an employer's contribution to an employee's child care costs. The employee then pays for the remainder. For example, if an employer contributes $200 a month to an employee's child care costs, the state may match that contribution with another $200, reducing that employee's out-of-pocket costs by $400 per month.

Only families that are ineligible for the state's low-income subsidy program may participate in ECCAP. If a family applies for ECCAP but meets the eligibility requirements of Kentucky's low-income subsidy program, the family is referred to that program instead. Unlike similar programs operating in other states, ECCAP allows employers to contribute any amount they choose. The size of the state match is on a sliding scale and depends on the employee's household income.

ECCAP offers a market-driven approach to supporting child care affordability for middle-income families. While programs like the Child Care and Development Fund assist low-income families with child care affordability, the primary public support program assisting middle-income families with child care affordability is the Child and Dependent Care Tax Credit (CDCTC). The CDCTC is important—and the recent enhancements made to it are meaningful—but many middle-income families need more support. ECCAP provides another tool to help address that affordability gap.

Consider, for example, a family of four in Lincoln County, Kentucky, with an annual household income of $95,000 split between two working parents. This family would be unlikely to qualify for low-income subsidy support because their household income exceeds

[7] Child Care Trust, *What Does Universal Child Care Actually Mean?* (July 2026), https://www.childcaretrust.org/resources/universal-child-care-explained

the program's income threshold for eligibility.[8] If they have an infant in center-based care and a toddler in center-based care, U.S. Department of Labor data tells us that their annual child care costs could equate to $21,832, or 23 percent of their gross household income.[9] CDCTC would offset that cost by an estimated $2,100 in the form of a lump-sum nonrefundable tax credit they would claim the following year.[10] CDCTC is a critical support for many families but may not always be enough to make the math work and allow middle-income parents to remain in the workforce or to continue working full-time.

ECCAP has the potential to reduce a family's child care costs more meaningfully by leveraging a partnership between the private sector and our state government. If the employer of one of the parents in the Lincoln County family from above participated in ECCAP and contributed $250 per month to their child care costs, this could trigger a $250 state match. Combined, the employer contribution and state match could amount to $6,000 per year, nearly three times the CDCTC benefit. If this family's out-of-pocket child care costs decreased by $6,000 per year, their child care expenses would fall from 23 percent of their gross household income to 16.6 percent. That support could make it more financially feasible for a parent to remain in the workforce or continue working full-time.

ECCAP also provides employers with an alternative to the Employer-Provided Child Care Tax Credit. This is another area where Congress has enacted meaningful reforms. However, despite the importance and potential of this tax credit program, it does not work for all employers. ECCAP offers businesses, especially small businesses and nonprofits, another option to help employees manage the cost of care.

Kentucky has been operating this program since July 2023. While we are working to overcome administrative and awareness challenges, we continue to believe that ECCAP has strong potential to help more families afford child care. Several other states, such as West Virginia and Missouri, are pursuing similar initiatives. We also applaud the introduction of the bipartisan Tri-Share Child Care Pilot Act in this Congress. More efforts to pilot innovative child care financing models around the country can create more opportunities to refine different approaches and support more middle-income families.

5. **Supply and Demand**. Finally, I want to emphasize Kentucky's efforts to improve our understanding of child care supply and demand gaps. This is critical for public policy

[8] Kentucky Cabinet for Health and Family Services, Department for Community Based Services, "Facts About the Child Care Assistance Program (CCAP)" (revised December 2024), https://www.chfs.ky.gov/agencies/dcbs/dcc/Documents/dcc11319.pdf

[9] U.S. Department of Labor, Women's Bureau, "Childcare Prices as a Share of Median Family Income by Age of Children and Care Setting, 2022" (November 2024), https://www.dol.gov/agencies/wb/topics/childcare/median-family-income-by-age-care-setting-2022

[10] We used Bipartisan Policy Center's CDCTC Calculator Tool to calculate this amount and assumed married, filing jointly. Emily Wielk, "How Much Could You Receive from the Enhanced CDCTC?" Bipartisan Policy Center (July 23, 2025), https://bipartisanpolicy.org/article/tax-support-child-care-enhanced-cdctc-calculator/

decisions. When we are seeking to utilize public resources to increase child care supply, we should operate with reliable data and a solid understanding of where needs are the greatest.

A commonly used approach to understanding child care supply and demand is the concept of “child care deserts.” This approach compares the number of licensed slots in an area to the number of children under age 6 in that same area. If an area has a ratio of 3 or more children per licensed slot, then it is declared a “desert,” under the assumption that there is insufficient supply relative to demand.

The methodology behind child care deserts has been refined over the years, but we believe it has important limitations. First, it overstates supply. The number of licensed slots reflects the licensed capacity of a child care provider—the number of children they are legally allowed to care for. Most providers, however, operate well below licensed capacity due to workforce challenges or concerns over quality and safety. Second, it oversimplifies, and likely overstates, demand. Survey data reveals that parents have complicated child care preferences and may prefer different types of care settings based on their child’s age and needs.[11] Using all children below the age of 6 as a proxy for demand diminishes the complexities of parental child care preferences and choice. Third, the 3:1 ratio used to determine a “child care desert” is largely subjective and may have the effect of overstating imbalances between supply and demand in a local area. Recent research from an economist at the University of South Carolina found that child care deserts are “weakly correlated with low vacancy rates” and that using this metric to target public resources “could lead to misallocation.”[12]

Kentucky’s House Bill 6 takes a more nuanced approach to measuring child care supply and demand. This legislation requires our lead agency and state statistical agency to develop strategies for tracking the number of children that child care services in Kentucky are actively enrolling in their programs instead of just licensed capacity. Instead of using all children below the age of 6 as a proxy for demand, agencies are instructed to use children under the age of 6 with all available parents in the labor force. Research has shown this metric to be a more reliable, though still imperfect, measure of parental demand for child care services.[13] House Bill 6 also requires utilization of a “distance-based methodology” that considers child care services that exist beyond county and state lines that might be available to families. The state will produce quarterly reports demonstrating gaps between child care supply and demand, without designating areas as “deserts.” These reports are intended to serve as a foundation for stakeholders at the state and local levels to study child care challenges in specific areas in more detail.

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[11] Bipartisan Policy Center, *Child Care and the Illusion of Parent Choice* (May 10, 2023), https://bipartisanpolicy.org/report/child-care-illusion-of-choice/ and Patrick T. Brown, “Building Blocks for Childcare Reform,” American Compass (August 14, 2024), https://americancompass.org/building-blocks-for-childcare-reform/

[12] Jessica H. Brown, *Evaluating Measures of Child Care Access* (SSRN, 2026), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=6644239

[13] Brown (2026)

The way we measure child care supply and demand may sound academic, but it has real consequences. If we are going to make significant public and private investments in expanding access, it is important to know where those resources can have the greatest impact. Better data allows us to make those decisions more strategically. This is an area where constant improvement is necessary, and we acknowledge that much more work remains to be done. As new data resources and methodologies become available, we hope to continue improving our understanding of child care availability and parent preferences.

There are numerous other innovations that I could mention, including Kentucky's work to modernize our quality rating and improvement system, incentivize kindergarten readiness, and carefully reform regulations. We have also been fortunate to learn from many other states that are also pursuing innovative solutions to child care challenges.

Together, these efforts reflect our belief that a challenge as complex as child care requires a comprehensive strategy that addresses the needs of families, providers, employers, and communities and leverages public-private partnerships and innovation.

Our experience in Kentucky has also reinforced several lessons that we believe are important as Congress considers federal child care policy. As I conclude, I would like to leave the subcommittee with three final thoughts.

First, states like Kentucky have benefited from having the flexibility to innovate in child care policy. We encourage Congress to continue supporting that innovation and ensuring states have the flexibility they need to meet children and families where they are.

Second, much of our work in Kentucky has been built upon the Child Care and Development Fund (CCDF), which provides vital funding to states to help support quality child care and increase access for low-income families. Maintaining a strong CCDF program and continuing to invest in it is critical to helping states continue this work and pursue innovative solutions.

Third, we want to thank this Congress for strengthening the Employer-Provided Child Care Tax Credit. This is another tool that can help middle-income working families find and afford child care. The Kentucky Chamber will be working to make Kentucky a model state for this program and looks forward to leveraging it to benefit employers, families, and children.

Thank you again for this opportunity to testify, and I look forward to the following discussion.