

**JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION  
OF THE VIRGINIA GENERAL ASSEMBLY**

**Special Report:  
Impact of Proposed Child  
Day Care Center Regulations  
in Virginia**

At its September 13, 2004, meeting, the Joint Legislative Audit and Review Commission received this report. However, the Commission noted its disagreement with the conclusions presented in this document. The conclusions expressed in this staff report are not those of the Commission.

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## Preface

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On May 13, 2004, the Child Day-Care Council approved a revised set of regulations for Virginia's child day care centers. House Joint Resolution 114 and Senate Joint Resolution 80 (2004) directed the Joint Legislative Audit and Review Commission (JLARC) to review the impact of the revised child care center regulations on Virginia's child care providers, parents, and children. JLARC staff assessed the potential impact of the new regulations by examining whether the changes might improve the quality of care for children and by determining the amount of any potential increases in costs that might be borne by providers and parents.

The academic research on early childhood development and child care appears to support the Child Day-Care Council's conclusion that the proposed changes would improve the quality of care for Virginia's children. Both children and parents would benefit from the improvements in the quality of care.

While the academic research suggests a positive impact on Virginia's children from the proposed regulatory changes, there is also likely to be a significant financial impact from these changes on some centers. However, it does not appear that the regulatory changes would impact most centers enough to cause a significant decline in child care center capacity statewide, especially given typical annual growth in capacity. It is reasonable to assume, based on the results of this analysis, that there will be some increase in the fees paid by parents whose children attend centers substantially impacted by the ratio changes, and that in future years, parents whose children attend centers substantially affected by the square footage change will likely pay increased fees.

At its September 13, 2004, meeting, the Commission received this report, but noted that it disagrees with the conclusions presented by staff. The conclusions expressed in this staff report are not those of the Commission.

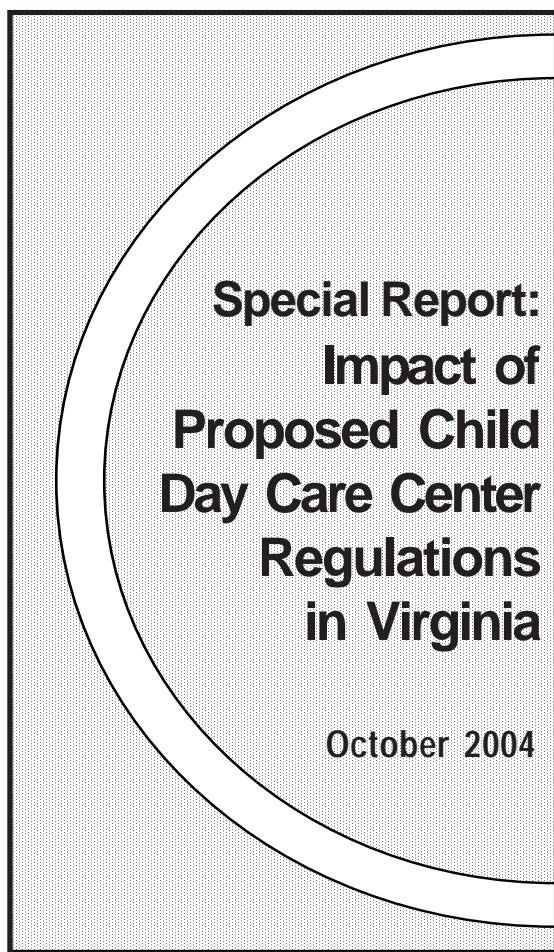
On behalf of the JLARC staff, I would like to thank the staff of the Department of Social Services for their assistance in our review.



Philip A. Leone  
Director

October 20, 2004

# JLARC Report Summary



On May 13, 2004, the Child Day-Care Council approved a revised set of regulations for Virginia's child day care centers. House Joint Resolution 114 and Senate Joint Resolution 80 (2004) directed the Joint Legislative Audit and Review Commission (JLARC) to review the impact of the revised child care center regulations on Virginia's child care providers, parents, and children. Concerns have been raised about some of the major changes, including the proposed child-staff ratios, minimum square footage requirements, minimum director and staff qualifications and training, and resilient surfacing requirements. These concerns largely center on the additional costs that

providers and parents may incur, and possible loss of enrollment of currently enrolled children.

Key findings of this JLARC staff review are:

- A growing body of academic research on early childhood development and child care arrangements appears to provide a reasonable basis for the overall direction of the Child Day-Care Council's proposed regulatory changes. Further, the council has performed its duties consistent with its statutory mandate to develop standards "conducive to the welfare of the children" in day care centers. (§62.2-1734, *Code of Virginia*)
- Overall, Virginia's current regulations for child care centers appear to be in the mid-range when compared to regulations in the other 49 states. Regarding minimum square footage and staff qualifications and training requirements, however, Virginia ranks below most of the other states. The revised regulations would bring Virginia closer to the practices that are suggested by national standards and that are typical in most states.
- Partially in response to public comments, the council made significant changes to the final regulations that reduced the potential financial impact of the regulations on providers and parents, as compared to the originally proposed changes.
- It appears generally feasible for centers to operate under the regulatory revisions proposed by the Child Day-Care Council, given that over 70 percent of centers in Virginia already meet or exceed the square footage and child-staff ratio standards, and centers in other

states operate successfully with more stringent regulations. However, for some centers the revised regulations will have a significant adverse financial impact.

- Two regulatory revisions appear to have the greatest financial impact on some centers – the increase in the minimum square footage per child and the changes in staff-child ratios for certain age groups. Based on this analysis, the modification of minimum square footage standard may impact future enrollment levels at approximately 18 percent of day care centers. Modifications to child-staff ratios may potentially impact enrollment at 15 percent of centers. Combined, these changes may impact 29 percent of child day care centers in Virginia; however a significant portion of these centers (46 percent) may lose five or fewer enrollment positions. The specific impact ranges from one percent to 30 percent of center enrollment. There is no cumulative impact for centers potentially affected by both the square footage and ratio changes.
- The impact of the regulatory changes pertaining to minimum square footage per child and child-staff ratios may be lessened by the fact that many centers, either by choice or by circumstance, do not maintain an enrollment level equal to the maximum capacity they would be permitted to have under the current

regulations. The average vacancy rate statewide is about 26 percent.

- Currently licensed centers have nine years to comply with the standard for 35 square feet per child, so there should be no immediate decrease in enrollment at any center due to this regulation. Given the timeframe within which centers must comply with the increase in the minimum square footage per child, there would not be an expected impact on the vast majority of currently enrolled children.
- Because of various management decisions that could be made by center operators, it is unknown what proportion of parents will pay increased fees due to the regulatory changes. However, it is reasonable to assume, based on the results of this analysis, that there will be some increase in the fees paid by parents whose children attend centers substantially impacted by the ratio changes, and that in future years, parents whose children attend centers substantially affected by the square footage change will likely pay increased fees.
- Various loan, subsidy, and training programs offered by the Department of Social Services could be used by child day care centers to offset some of the financial impact of the various regulations.

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## Special Report: Impact of Proposed Child Day Care Center Regulations in Virginia

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### BACKGROUND

House Joint Resolution 114 and Senate Joint Resolution 80 (2004) direct the Joint Legislative Audit and Review Commission (JLARC) to review the impact of revised child care center regulations in Virginia (Appendix A). In December 2002, the Child Day-Care Council, which is responsible for promulgating Virginia's child care center regulations, issued a notice of its intent to revise the center regulations (22 VAC 15-30). After the issuance of draft regulations and a public comment period, the council approved a revised set of regulations on May 13, 2004.

HJR 114 and SJR 80 direct JLARC to evaluate the impact of the revised regulations on child care providers, parents, and children. Concerns have been raised about some of the major changes, including the proposed child-staff ratios, minimum square footage requirements, minimum director and staff qualifications and training, and resilient surfacing requirements. These concerns largely center on the additional costs that providers and parents may incur, and possible loss of enrollment of currently enrolled children. JLARC is to report its findings to the Governor by September 15, 2004, and the Governor is requested to consider these findings prior to his approval of the regulations.

While there are various types of child care providers in the State, the focus of this review is on child day care centers. The *Code of Virginia* defines a child day center as: "a child day program offered to (i) two or more children under the age of 13 in a facility that is not the residence of the provider or of any of the children in care or (ii) 13 or more children at any location." Such centers must be licensed by the Department of Social Services (DSS) and must comply with regulations promulgated by the Virginia Child Day-Care Council. The Council is directed by statute to develop standards that are "conducive to the welfare of the children." (§63.2-1734, *Code of Virginia*)

In completing this analysis, JLARC staff conducted a review of DSS licensing files for 360 child care centers throughout Virginia (14 percent of all licensed centers), obtaining information about their capacity, enrollment, and physical characteristics. Staff also reviewed literature and research related to child day care, and interviewed persons with expertise in the child day care field. To place Virginia child day care regulations in context, JLARC staff compared key elements of the regulations with those of the other states.

This report provides some background information about child day care in Virginia and the entities involved in regulating that care. In addition, the report briefly describes the current child care center regulations, the draft changes initially proposed and those approved, and how Virginia's current regulations compare to those in other states. The final portion of this report describes the potential impact of the changes on the welfare of Virginia's children in day care, along with the financial implications of these changes.

## OVERVIEW OF CHILD DAY CARE IN VIRGINIA

According to 2000 census data, in Virginia more than 62 percent of children less than six years of age live in families in which the parents work outside the home. This high level of parental employment signifies the importance of non-parental child care to Virginia's economy. This need for child care is met through a variety of child care provider options – a major source of which is child care centers.

### Growth in Child Day Care

During the 1990s, the number of children potentially requiring child care increased to varying degrees, depending on age and area of the State. Statewide, the number of children younger than five years old grew by 4.3 percent from 1990 to 2000. More substantial growth was seen in the number of children five to nine years old (16.7 percent growth) and those ten to 14 years old (24.5 percent growth). During the current decade, the growth rate statewide is expected to increase for children younger than five, but decrease for older children of child care age. This statewide actual and projected growth masks substantial differences across different regions of the State, as shown in Table 1. Some regions in Virginia will continue to experience increases in its younger population, while others will experience declines in this population segment.

Against this backdrop of growth in children of child care age (birth through 12), there has been substantial growth in the child care industry. The number of both regulated and unregulated providers has increased, as has the number of children in their care. Figure 1 shows the growth in the major types of child care in Virginia, both in terms of number of providers and capacity. (Appendix B provides a statutory definition for each type of provider.) There have been increases in most types of child care providers; however, child care centers continue to be the predominant child care arrangement, particularly in terms of capacity.

The number of licensed child care centers in Virginia grew from 1,495 centers in 1994 to 2,531 centers as of June 1, 2004 – a 69 percent increase. Capacity during that time period grew almost 86 percent, from 121,023 children to 224,674 children in care. (Capacity refers to the maximum number of children that may be in care at centers.)

### Characteristics of Child Day Care Centers in Virginia

Figure 2 (page 5) shows the distribution of child care centers currently operating across Virginia. As would be expected, most centers are located in the urban and suburban areas of the State. Table 2 (page 6) details the number of centers in each DSS licensing region. For each region, centers are divided into three categories based on the total number of children for which they are licensed. Small centers are those with a capacity to serve from one to 50 children. Medium centers have a capacity to serve from 51 to 100 children. Large centers may serve more than 100 children.

**Table 1**  
**Growth in Children by Age Group,**  
**Statewide and for Selected Localities**

<b>Jurisdiction</b>	<b>Age Group</b>	<b>Percent Change in Population, 1990-2000 (Actual)</b>	<b>Percent Change in Population, 2000-2010 (Projected)</b>	<b>Percent Change in Population, 2010-2020 (Projected)</b>
Statewide	birth to 5 years	4.3%	10.2%	9.9%
	5 to 9 years	16.7	-0.2	9.5
	10 to 14 years	24.5	-2.5	9.8
Hanover	birth to 5 years	28.4	31.3	23.6
	5 to 9 years	48.3	16.4	24.3
	10 to 14 years	60.9	9.8	18.5
Lee	birth to 5 years	-9.7	-5.9	-0.6
	5 to 9 years	-11.9	-20.1	10.0
	10 to 14 years	-17.2	-24.6	-1.3
Virginia Beach	birth to 5 years	-12.0	11.2	1.7
	5 to 9 years	5.5	-0.5	4.6
	10 to 14 years	20.4	-1.8	4.5
Fairfax Co.	birth to 5 years	17.1	10.1	12.0
	5 to 9 years	25.8	8.5	12.0
	10 to 14 years	29.1	13.7	12.0

Source: JLARC staff analysis of data from the Virginia Employment Commission.

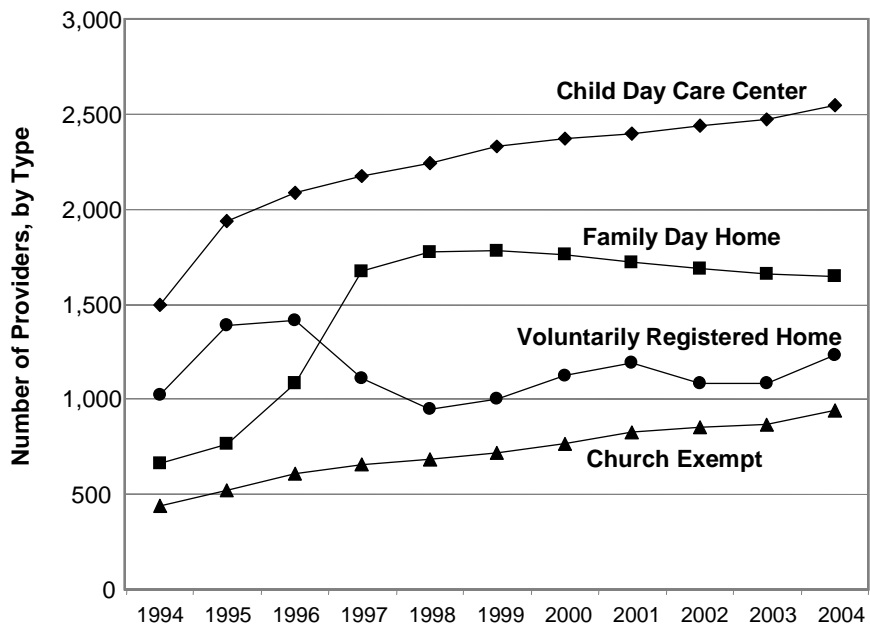
Statewide, 37 percent of centers (934) are small, 35 percent (879) are mid-size and 28 percent (718) are large centers. As can be seen in the table, the more rural areas of the State tend to have a higher proportion of small centers than the urban areas of the State.

In addition to the total number of children who can be served at one time, centers vary in terms of the age range of the children who are served. Some centers choose to serve children from birth to 12 years old, while others may only serve school age children or may serve only three-to-five year olds. Figure 3 shows the number of centers that are licensed to serve each age group.

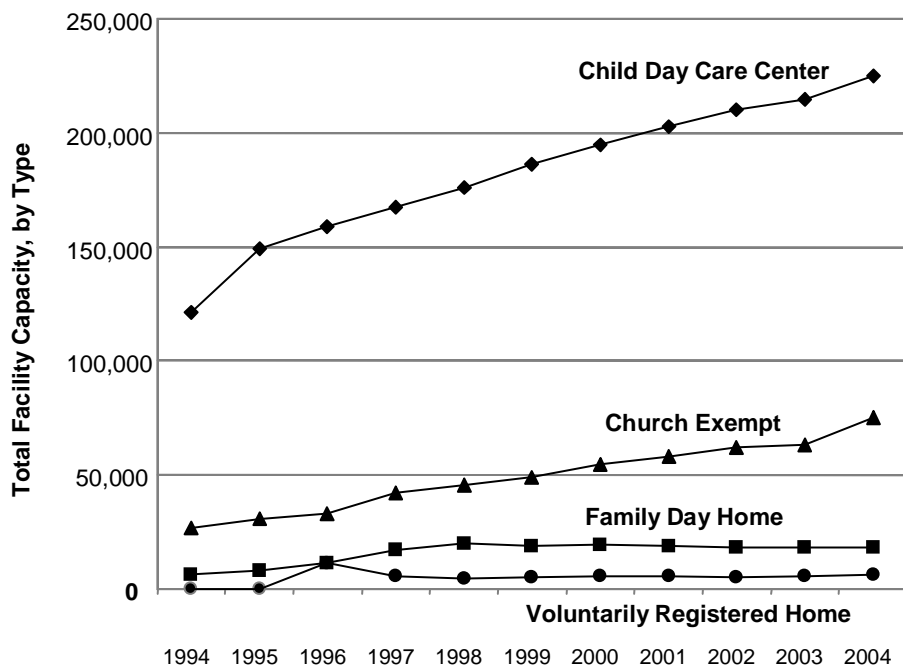
It should be noted that a center's licensed capacity does not necessarily mean that the center serves that many children. For example, a center providing a before- and after-school program located at a school may have a licensed capacity of 200 (due to available space in the school), but may only intend to serve a maximum of 50 children. And in practice, it may only enroll 35 children.



**Figure 1**  
**Child Day Care Provider Trends**



**Child Day Care Capacity Trends**

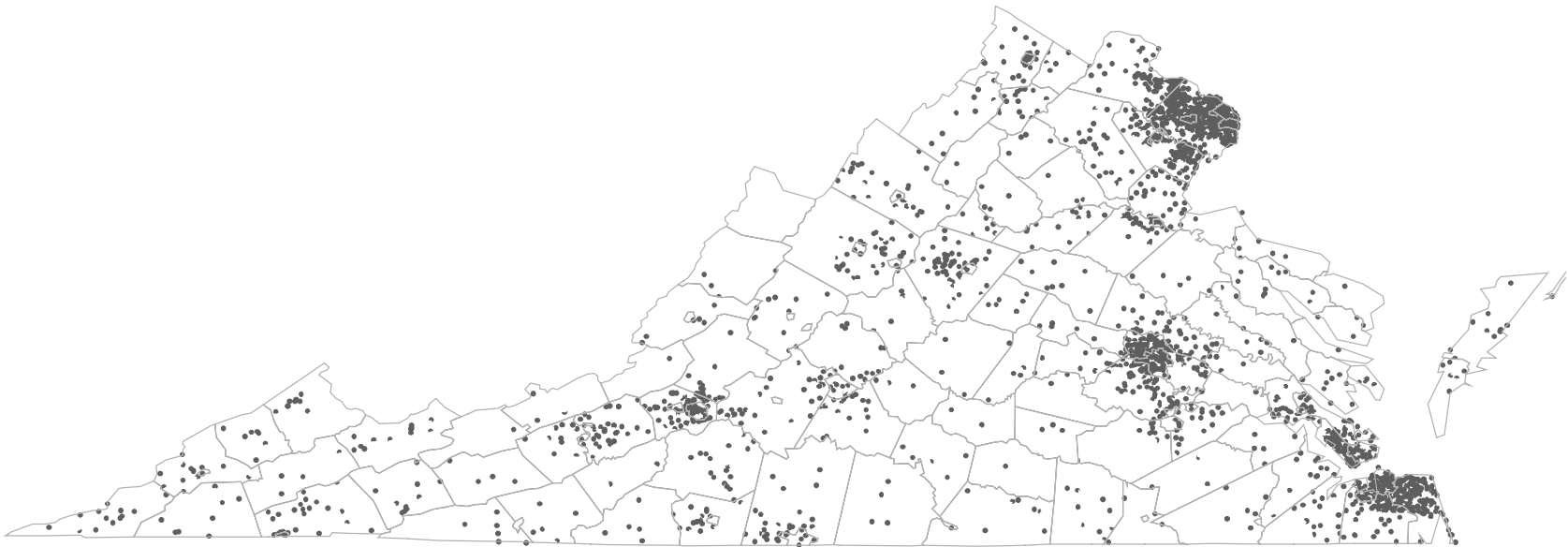


Note: Graphs do not include CDC short-term care, family day system care, or resident child placements.

Source: JLARC staff analysis of data from the Department of Social Services.

**Figure 2**

**Distribution of Child Day Care Centers in Virginia**



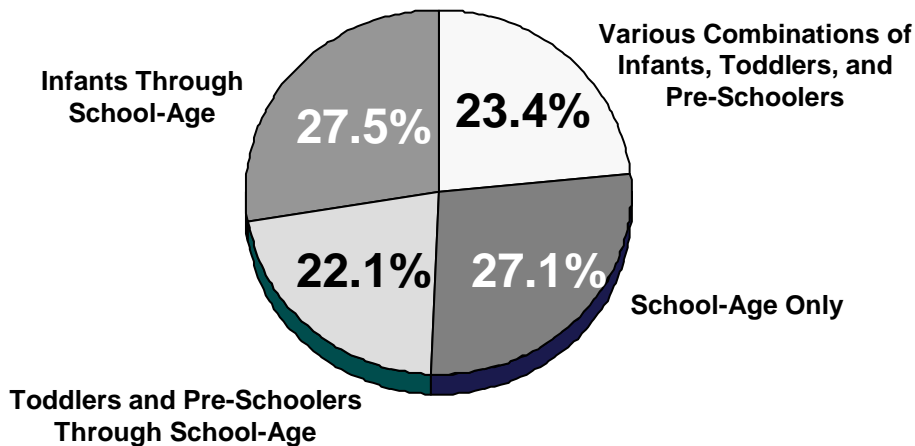
Source: JLARC staff analysis of DSS child care center licensing data.

<div>Table 2</div> <div>Number of Child Day Care Centers by Region and Size</div>			
DSS Region	Service Area*	Size of Facility (Based on Capacity)	Number of Centers (Proportion of All Centers in Region)
Southwest	Southwestern portion of the State	Small	115 (67%)
		Medium	37 (22%)
		Large	19 (11%)
		Total	171
Richmond	Central Virginia, Northern Neck and Southside	Small	127 (30%)
		Medium	135 (32%)
		Large	157 (37%)
		Total	419
Newport News	Williamsburg to Hampton area	Small	70 (34%)
		Medium	80 (39%)
		Large	56 (27%)
		Total	206
Virginia Beach	Southern Tidewater area	Small	151 (39%)
		Medium	117 (30%)
		Large	122 (31%)
		Total	390
Fairfax	Arlington, Alexandria, Loudoun and Fairfax	Small	156 (25%)
		Medium	292 (47%)
		Large	176 (28%)
		Total	624
Warrenton	Warrenton area up to Prince William Co.	Small	54 (24%)
		Medium	73 (32%)
		Large	102 (45%)
		Total	229
Roanoke	Roanoke area	Small	144 (51%)
		Medium	90 (32%)
		Large	50 (18%)
		Total	284
Shenandoah	Shenandoah area	Small	117 (56%)
		Medium	55 (26%)
		Large	36 (17%)
		Total	208

\* A complete list of all localities served by each DSS region is contained in Appendix C.

Source: JLARC staff analysis of DSS automated licensing data.

**Figure 3**  
**Proportion of Centers by Ages of Children Served**



Source: JLARC staff analysis of DSS child care center licensing data.

JLARC staff obtained center enrollment information from a sample of child care center licensing files maintained at the eight DSS regional offices across the State. Based on this sample, JLARC staff calculated average “vacancy” rates by region of the State and for different size centers (Table 3). (Vacancy rate is defined as the difference between a center’s current enrollment and its licensed capacity as a proportion of its capacity.) While total capacity is based on the number of children that DSS would allow centers to have at any one time based on current regulations, centers may choose to limit their enrollment based on corporate policies, compliance with accreditation standards, or other reasons. Therefore, if a center had a vacancy rate of 25 percent, as calculated for this analysis, it cannot be determined whether or not the center would choose to serve an additional 25 percent if they had the choice.

Because some areas of the State are experiencing very high rates of growth in their child care age population (as described previously), it would be expected that these areas would tend to have substantially lower vacancy rates in their child care centers. However, the JLARC staff analysis found that vacancy rates are fairly consistent across the State, with the exception of a relatively high rate in the Virginia Beach area. This finding would suggest that the bulk of new centers opening each year are likely concentrated in the State’s high growth areas, and are thus absorbing the growth in the child care age population.

**Table 3**  
**Vacancy Rates at Child Care Centers**

<u>Region</u>	<u>Average Vacancy Rate</u>
Southwest	19.0%
Richmond	25.8%
Newport News	24.2%
Virginia Beach	34.5%
Fairfax	21.3%
Warrenton	29.7%
Roanoke	29.3%
Shenandoah	19.5%
 <u>Center Size</u>	
Small	26.9%*
Medium	24.2%*
Large	27.3%*
 <b>Statewide</b>	 25.9%*

\* Weighted average

Sample N = 356

Source: JLARC staff analysis of data from DSS licensing files.

### Licensure and Regulation of Child Day Care Centers

Historically, all licensing standards for child day care were promulgated by the State Board of Social Services. In 1987, however, the Child Day-Care Council was created by the General Assembly and charged with establishing new child care center licensing standards that were responsive to the issues faced in centers. Section 63.1-202 of the *Code of Virginia* outlines the mandate of the Child Day-Care Council, stating that its role is to:

...promulgate regulations for the activities, services and facilities to be employed by [child care centers], which shall be designed to ensure that such activities, services and facilities are conducive to the welfare of the children under the custody or control of [the centers].

DSS supports this role through the enforcement of the council's regulations, among other duties.

**Child Day-Care Council.** The council is responsible for adopting and periodically reviewing regulations for the licensure and operation of child care centers. The regulations are contained in 22 VAC 15-30 of the Virginia Administrative Code and cover a wide range of topics, including: center director and staff qualifications and training, record-keeping and other administrative requirements, staffing and

supervision levels, physical plant, center programs, sanitation, medication and other health-related issues, food services, and transportation.

Required representation on the council is prescribed in the *Code of Virginia*. As shown in Exhibit 1, representation on the council has expanded over the years, and now totals 28 members. In particular, in 2002 the General Assembly significantly expanded council membership to include representatives from several state and national accrediting organizations. While the composition of the council has changed over time, it has always been intended to include members who are routinely involved in the care of children.

**Department of Social Services.** Staff support for the council is provided by DSS. DSS is also responsible for issuing child care center licenses and for enforcing the child care center regulations. This is accomplished by licensing specialists located in eight regional offices across the State.

Licensing staff conduct three types of inspections to ensure that centers meet the child care center regulations. First, staff conduct an in-depth inspection of new centers and centers up for licensure renewal. Existing centers receive a two-year license. New centers are initially given a six-month conditional license to allow time for the center to fully comply with the regulations. During initial and renewal inspections, the center's compliance with all provisions of the child care center regulations is checked.

The second type of inspection is a routine monitoring inspection. According to DSS staff, compliance with selected regulations must be checked during these visits, but a comprehensive review is not required.

The third type of inspection is one based on a complaint. This tends to be a targeted review based on the nature of the complaint. However, DSS staff sometimes combine complaint inspections with the routine monitoring inspections.

Section 63.2-1706 of the *Code of Virginia* requires DSS staff to conduct a minimum of two inspections of each child care center per year. At least one of the inspections must be unannounced. If the center is out of compliance with a regulation, DSS staff issue a notice of violation, and the center is provided a timeframe within which the violation must be corrected. More than 17,000 notices of violations were issued in FY 2004. Most of these violations pertained to problems with documentation, with a low likelihood of harm to the children in care. DSS staff have the ability to fine a center for violations of a serious nature. For example, at least two centers have been fined in the past year for leaving children unattended in a parked van. In addition, DSS can take steps to close a center or limit new enrollment.

In addition to its duties related to licensure and regulation, DSS is also responsible for administration of the Child Care and Development Fund in Virginia. This federal program assists low-income families in obtaining child care. The program essentially pays for a portion of an eligible family's child care cost. The family

**Exhibit 1****Required Representation on the Child Day-Care Council**

<u>Year</u>	<u>Required Representation</u>
<b>1987 (creation of council)</b>	<ul style="list-style-type: none"> <li>• Two nonprofit child day center operators</li> <li>• Three private for-profit child day center operators</li> <li>• One representative from each of the Departments of Social Services, Health, Fire Programs, and Housing and Community Development</li> <li>• One pediatric health professional</li> <li>• One child development specialist</li> <li>• One parent consumer</li> <li>• One legal professional</li> </ul>
<b>Added in 1992</b>	One representative each from: <ul style="list-style-type: none"> <li>• Department of Education</li> <li>• Virginia Council for Private Education</li> <li>• A child day care center offering a seasonal program emphasizing outdoor activities</li> <li>• A private center offering a half-day nursery school program</li> <li>• A local governing body which operates a program required to be licensed</li> </ul>
<b>Added in 2002</b>	One representative each from: <ul style="list-style-type: none"> <li>• National Association for the Education of Young Children</li> <li>• National Academy of Early Childhood Programs</li> <li>• Association of Christian Schools International</li> <li>• American Association of Christian Schools</li> <li>• National Early Childhood Program Accreditation</li> <li>• National Accreditation Council for Early Childhood Professional Personnel and Programs</li> <li>• International Academy for Private Education</li> <li>• American Montessori Society</li> <li>• International Accreditation and Certification of Childhood Educators, Programs, and Trainers</li> <li>• National Accreditation Commission</li> </ul>

Source: *Code of Virginia* and Acts of Assembly 1987, 1992, and 2002.

is responsible for paying the difference between the subsidy amount and the amount charged by the center (or other type of provider). DSS sets the payment rates and provides the funds to local DSS offices, who then distribute the funding directly to child care centers for services rendered to eligible families. In FY 2004, 39,109 children received subsidized care from child care centers, at a cost of almost \$71.7 million.

***Regulations for Child Day Care Centers in Virginia.*** Regulations for child day care centers in Virginia are set forth in 22 VAC 15-30, Standards for Licensed Child Day Centers. The Child Day-Care Council promulgates the regulations under the Virginia Administrative Process Act. The regulations cover a broad range of administrative and operational aspects of child day care. Among the important standards are requirements for the physical plant, such as the space available for children; staffing and supervision, such as child-staff ratios; daily activities and programs, and health and safety matters such as immunizations. The regulations also provide standards on the safety of playgrounds and play equipment; meals and food preparation; and the transportation of children. Various requirements are also set out for record keeping, insurance coverage, and other administrative matters.

### **Virginia Child Day Care Center Regulations Compared to Other States**

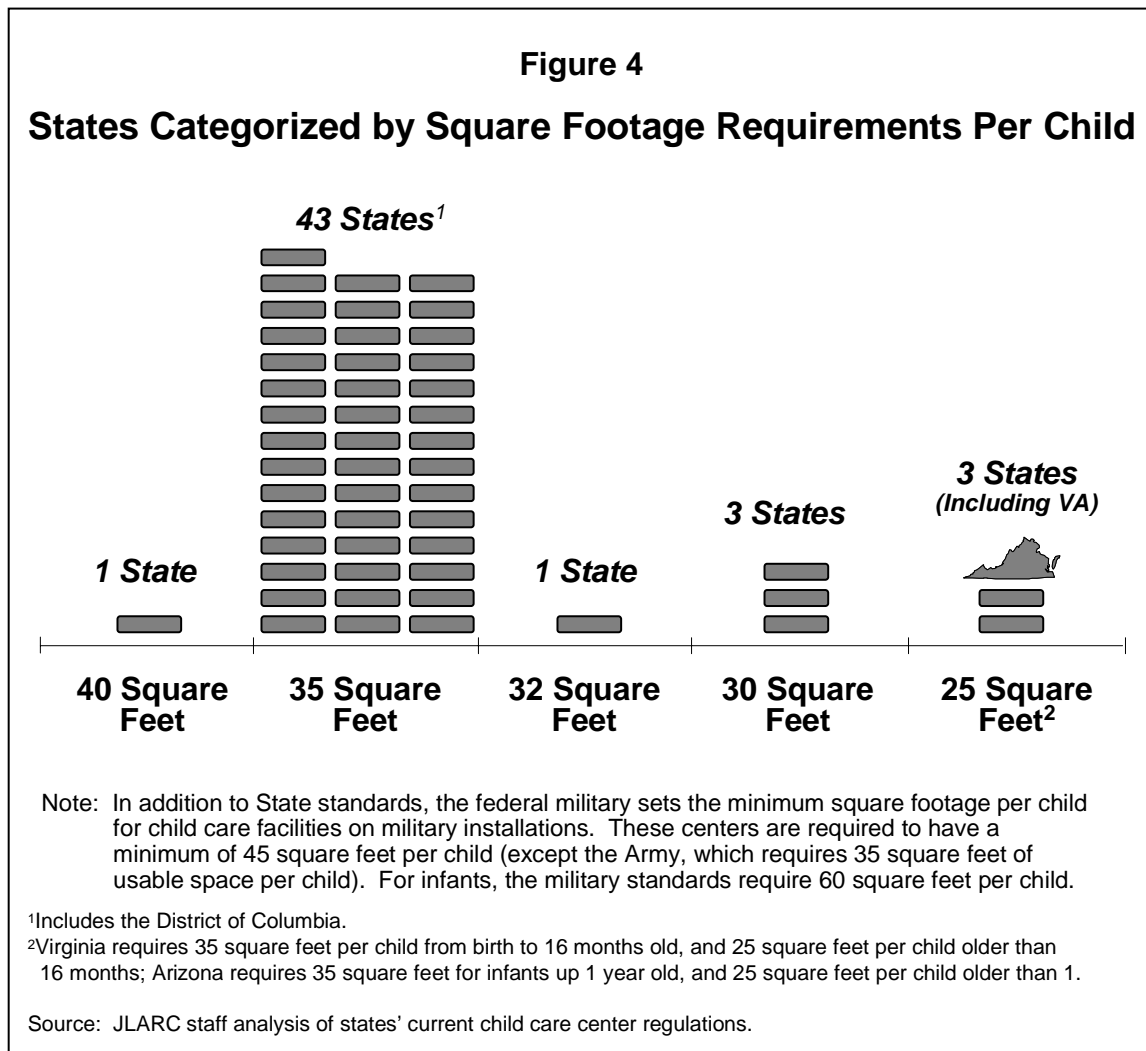
JLARC staff compared Virginia's regulations for child day care centers with regulations in the other 49 states and the District of Columbia. This comparison focused on regulations related to square footage, child-staff ratios, and staff qualifications and training requirements. Comprehensive data on other states' regulations with regard to resilient surfacing and transportation were not available. Regarding square footage, Virginia is one of only seven states that does not require at least 35 square feet of indoor activity space per child. Virginia's rank among other states concerning child-staff ratios varies depending on the age group of children. For example, Virginia's ratio standard for five-year-old children is more stringent than 35 states and the District of Columbia. On the other hand, 37 states have more stringent standards than the staffing ratio standard for two year olds in Virginia. For directors of child day care centers, Virginia's staff qualifications and training requirements are minimal compared to the other states. Virginia's requirements for center teachers, however, appear average when placed among other states.

***Minimum Square Footage Per Child.*** In 43 states and the District of Columbia, child care centers are required to provide a minimum of 35 square feet of usable indoor activity space per child (Figure 4). However, three of these states have "grandfathered" in older centers and require 35 square feet per child only if certain criteria are met. For example, child care centers in Maryland are required to provide at least 35 square feet of floor space if they were initially licensed after December 1, 1971. In New Jersey, there must be a minimum of 35 square feet of usable activity indoor floor space for each child in centers that began operating on or after July 1, 1989 and serve 16 or more children. As in Virginia, most states measure indoor space wall-to-wall, excluding unusable space such as hallways, kitchens, storage areas, and other areas not available for child care.

Four other states require a minimum square footage per child of at least 30 square feet -- Alabama (32 square feet), Colorado (30 square feet), Tennessee (30 square feet), and Texas (30 square feet). Virginia, North Carolina, and Arizona require centers to provide the least amount of square feet per child (25 square feet) of all the states.

In addition to state standards, the federal military sets the minimum square footage per child for child care facilities on military installations. These centers are required to have a minimum of 45 square feet per child (except the Army,










which requires 35 square feet of usable space per child). For infants, the military standards require 60 square feet per child.


In addition to the regulations of other states, JLARC staff examined the national child care standards issued in 2002 jointly by the American Academy of Pediatrics, the American Public Health Association, and the National Resource Center for Health and Safety in Child Care. The standards are contained in a document titled, "National Health and Safety Performance Standards: Guidelines for Out-of-Home Child Care Programs," and present the recommendations of these groups concerning a wide range of standards, including the minimum square footage per child. These standards recommend a minimum of 35 square feet of usable space per child, or compensating for typical furnishings, 50 square feet measured wall-to-wall.

**Child-Staff Ratios.** Table 4 shows the number of states with selected child-staff ratio requirements, by age group. In the first age group of two year olds, 37 jurisdictions rank higher than Virginia, indicating that they have a lower ratio requirement than Virginia for this particular age group. Virginia ranks much higher with its three-year-old ratio, with only nine jurisdictions that have lower ratios. Twenty-one states have the same ratio requirement for three-year-olds as Vir-

Table 4					
Number of States with Selected Child-Staff Ratio Requirements					
Ratios (Child/Staff)	Age of Child				
	2 Years <sup>✧</sup>	3 years	4 years	5 years	School Age
4:1	3*				
5:1	7				
6:1	9				
7:1	8	2			
8:1	9	5*	1		
9:1	1	2		1	
10:1	9 	22 	17*	7	2
11:1	3				
12:1	2	11	14 	7 	2
13:1		4	3	1	3
14:1		1	2	4	3
15:1		4	6	13*	14*
16:1			3	3	3
17:1				1	
18:1			3	2	6
19:1				1	
20:1			2	6	11 
21:1				1	
22:1				1	2
23:1					
24:1					
25:1				3	4
26:1					1

✧Ratio at 27 months.

\*Number includes the District of Columbia

 = Indicates Virginia's placement among the states.


Indicates the recommended child-staff ratios cited in the *National Health and Safety Performance Standards* document:  
10:1 for 6 to 8 year olds and 12:1 for 9 to 12 year olds.

Source: JLARC analysis of National Child Care Information Center's Child Care Database.

ginia, while 20 states fall below. The new regulations do not propose to change the ratio for three year olds.

In the four-year-old age group, Virginia's ratio falls in the mid-range among states. Eighteen jurisdictions require lower ratios than Virginia, while 19 states have higher ratios. Thirteen states have the same ratio requirement as Virginia in this particular age group. For five-year-old children, only eight states require lower ratios than Virginia, while 36 jurisdictions have higher ratios. Finally, 33 jurisdictions have more stringent ratios than Virginia for school-age children, while seven states have less stringent staffing standards. Ten states have the same standards as Virginia.






JLARC staff also examined various national standards as discussed above. The diagonal pattern shading on Table 4 shows the recommended child-staff ratios cited in the "National Health and Safety Performance Standards" document.

***Staff Qualifications and Training.*** In Virginia, the current minimum requirements for child care center directors are a high school diploma or equivalent and three years of programmatic experience in the group care of children, with one year as a staff supervisor. There are no minimum early childhood education pre-service qualifications, no administrative training requirements, and no minimum number of annual ongoing training hours for program directors. In addition, there are no minimum early childhood education pre-service requirements for teachers in child care centers. There is, however, a minimum of eight annual ongoing training hours required for teachers. Also, teachers who are hired with no pre-service qualifications other than a GED must receive a minimum of 12 hours of training related to the care of children within one month of their employment or promotion.

As illustrated in Table 5, Virginia's rank among the other 49 states and the District of Columbia varies depending on the category being examined. Virginia's regulation concerning pre-service early childhood education and ongoing training for directors clearly does not meet the higher standards set by a majority of the other states. For example, more than half (55 percent) of the states require directors to have some clock hours of training in early childhood education and/or an early childhood credential, such as a Child Development Associate (CDA), Certified Child Care Professional Credential (CCP), or National Administrators Credential.

On the other hand, Virginia's staff qualification and training standards concerning child care center teachers fall into the same category as a majority of the other states. Virginia is among 36 states that have no minimum pre-service training requirements in early childhood education for teachers. Further, it is one of 29 states that require at least some amount of annual training up to 12 hours.

The "National Health and Safety Performance Standards: Guidelines for Out-of-Home Child Care Programs" report recommends minimum qualifications and pre-service and annual training requirements for directors and staff. For example, the standards recommend at least 26 clock hours of pre-service training in health, psychosocial, and safety issues for all center directors. In addition, the standards recommend at least 30 clock hours of additional training during the first year, and 24 hours of training annually thereafter for all directors and caregivers.

<b>Table 5</b> <b>Number of States with Selected Staff Qualifications and Training Standards</b>		
	<b>Director</b>	<b>Teacher</b>
<b>Amount of Minimum Pre-Service Training in Early Childhood Education (ECE)</b>		
College Degree in ECE or related field	2	1
Credit Hours in ECE or related field	7	1
Early Childhood Credential (CDA, CCP, or NAC)	17	7
Clock Hours of ECE Training	11	3
High School vocational programs	1	3
None	13 	36 
<b>Amount of Annual/Ongoing Training Hours</b>		
20 or More	13	9
13 - 19	9*	9*
Unspecified or 1 - 12	20	29 
None	9 	4
* Includes the District of Columbia.  Denotes Virginia's standards. Note: In Virginia, the current minimum requirements for child care center directors are a high school diploma or equivalent and three years of programmatic experience in the group care of children, with one year as a staff supervisor.		
Source: National Child Care Information Center.		

## REVISED REGULATIONS FOR CHILD DAY CARE CENTERS

As part of the periodic regulatory review process, the Child Day-Care Council determined the need for changes in the child care regulations. A Notice of Intended Regulatory Action (NOIRA) was issued in December 2002. Upon receipt of public comments, the Child Day-Care Council prepared an initial draft of proposed regulatory changes in July 2003. The proposed regulatory changes prompted considerable controversy, resulting in more than 2,600 public comments submitted to DSS. According to DSS records, the majority of these comments were from providers and parents opposing the changes being proposed – particularly the minimum square footage requirements, child-staff ratios, and maximum group size – due to concerns with their financial impact. Most of the support for the changes came from professional educators, as well as parents and some child care facilities. After consideration of the public comments, a review of the research provided by DSS, and their own child care expertise, the Child Day-Care Council made a number of changes to the proposed regulations and approved the final regulatory package on May 13, 2004.

While there are many changes that have been made to the child day care center regulations, this report discusses the most significant changes in terms of potential impact on well-being of the children in care and the costs of child care. The

revised standards most likely to have an impact on families and providers are child-staff ratios, minimum square footage per child, and staff qualifications and training requirements. Resilient surfacing and transportation standards could also have some minor impact.

### **Proposed Changes to the Child Day Care Center Regulations**

Exhibit 2 outlines the major changes to the child day care center regulations that the Child Day-Care Council has approved. Both the initially proposed changes and final changes are included to show how the changes have evolved during the regulatory process. Some of the changes remained intact through the different regulatory drafts. On the other hand, some of the proposed changes that elicited complaints during the public comment period were changed in the final regulations, and therefore, are no longer issues. In still other cases, the effective date of a requirement was modified to allow more time for centers to comply with the change.

***Child-Staff Ratios.*** Child-staff ratios refer to the maximum number of children that can be cared for by one staff person. A ratio of 10:1 means that there must be one staff person present for every ten children present. The ratio does not restrict the total number of children that may be present. For example, under the current regulations a classroom of two-year-old children could contain 20 children as long as two staff were present in the classroom.

As identified in Exhibit 2, the council proposed changing the minimum ratios for four age groups – two year olds, four year olds, five year olds (not yet in school), and school age children. In each case, the number of children per staff person was reduced by two. In addition, the council proposed reducing the ratio by one child for balanced mixed age groups. (Balanced mixed age groups are commonly used by Montessori schools and consist of an even number of children from each age, three to six years, grouped in the same classroom.) No ratio changes were proposed for infants, toddlers, and three year olds. The ratio for infants from birth to 16 months remains at four children per staff person, for toddlers from 16 months to two years at five children per staff person, and for three year olds at ten children per staff person.

The final regulations maintain the originally proposed changes with one exception. The council initially proposed that for all school-age children, centers should maintain a ratio of 18:1 (instead of the current ratio of 20:1). In the final regulations, school age children were divided into two groups – those beginning school through eight years of age and those from nine to 12 years old. Centers will maintain the current 20:1 ratio with the older school-age children, and will be required to reduce the ratio to 18:1 for the younger school-age children.

***Maximum Group Size.*** Maximum group size is a common structural feature in child care that refers to the maximum number of children present for ongoing groups of children. There are no maximum group size restrictions in Virginia's current child care center regulations. The originally proposed regulations called for the addition of group size restrictions for each age group from infants up to school-age children. During the public comment period, there was a great deal of opposi-

## Exhibit 2

## Summary of Changes to Virginia's Child Care Regulations

	Current Regulations for Licensed Child Day Centers	Initial Regulatory Changes Proposed by CDCC	Final Regulatory Changes Adopted by CDCC
<b>Child-Staff Ratios</b>	2 to 4 years = 10:1 4 years to the age of eligibility to attend public school (5 years by September 30) = 12:1 School-age = 20:1 Balanced mixed-age (3-6 years) = 15:1	2 year olds = 8:1 3 year olds to the age of eligibility to attend public school (5 years by September 30) = 10:1 ( <i>no change for 3 year olds</i> ) School-age = 18:1 Balanced mixed-age (3-6 years) = 14:1	2 year olds = 8:1 3 year olds to the age of eligibility to attend public school (5 years by September 30) = 10:1 ( <i>no change for 3 year olds</i> ) Age of eligibility to attend public school through eight years = 18:1 9 through 12 years = 20:1 Balanced mixed-age = 14:1
<b>Maximum Group Size</b>	Not Regulated	Birth to 16 months = 12 16 months to 2 years = 15 2 year olds = 16 3 year olds to the age of eligibility to attend public school (5 years by September 30) = 20 School-age = 18 per staff member and 36 per team of staff members Balanced mixed-age = 27	Not Regulated
<b>Square Footage Per Child</b>	There must be 25 square feet of indoor space available per child older than 16 months. There must be 35 square feet of indoor space available for infants from birth to 16 months.	There must be 35 square feet of indoor space available per child, beginning five years after the effective date of the regulation.	Applicants and current licensees who add new additions must have 35 square feet of indoor wall-to-wall space per child three years after the effective date of the regulation. At the ninth year after the effective date of the regulation, current licensees must provide 35 square feet of indoor wall-to-wall space per child.

	Current Regulations for Licensed Child Day Centers	Initial Regulatory Changes Proposed by CDCC	Final Regulatory Changes Adopted by CDCC
<b>Initial Qualifications and Preservice Training</b>	<p><u>Directors</u></p> <ol style="list-style-type: none"> <li>1. A graduate degree in a child-related field and six months of programmatic experience; <b>or</b></li> <li>2. An endorsement or bachelor's degree in a child-related field and one year of programmatic experience; <b>or</b></li> <li>3. Forty-eight semester hours of college credit in a child-related field and one year of programmatic experience; <b>or</b></li> <li>4. Two years of programmatic experience with one year in a staff supervisory capacity and at least one of the following educational backgrounds: <ol style="list-style-type: none"> <li>a. A one-year early childhood certificate that consists of at least 30 semester hours;</li> <li>b. A child development credential; or</li> <li>c. A certification of qualification from an internationally or nationally recognized Montessori organization; <b>or</b></li> </ol> </li> <li>5. Three years of programmatic experience with one year in a staff supervisory capacity and a high school diploma or G.E.D. or verification of completion of a home school program approved by the state.</li> </ol>	<p><u>Directors</u></p> <p>Three years after the effective date of the regulation, program directors that qualify using the fifth criterion must meet a qualification as stated in numbers one through four.</p> <p>In addition, these same program directors must complete 120 hours of training during their three years of programmatic experience.</p> <p>Program directors without management experience must have one college course in a business-related field or ten clock hours of management training.</p> <p>Three years after the effective date of the regulation, 40 hours of management training would be required prior to a person attaining the director position.</p>	<p><u>Directors</u></p> <p>Three years after the effective date of the regulation, program directors that qualify using the fifth criterion must meet a qualification as stated in numbers one through four. Current directors must begin working toward one of the other criteria.</p> <p>In addition, these same program directors must complete 120 hours of training during their three years of programmatic experience.</p> <p>Ten hours of management training are required for directors without management experience. New directors with at least six months of prior management experience do not have to meet this training requirement.</p>

	<b>Current Regulations for Licensed Child Day Centers</b>	<b>Initial Regulatory Changes Proposed by CDCC</b>	<b>Final Regulatory Changes Adopted by CDCC</b>
<b>Initial Qualifications and Pre-service Training</b> (continued)	<p><u>Program Leaders</u></p> <ol style="list-style-type: none"> <li>Three months of programmatic experience and at least one of the following educational backgrounds:               <ol style="list-style-type: none"> <li>A one year early childhood certificate that consists of at least 30 semester hours;</li> <li>A child development credential; or</li> <li>A teaching diploma from an internationally or nationally recognized Montessori organization; <b>or</b></li> </ol> </li> <li>A high school diploma or G.E.D. or verification of completion of a home school program approved by the state, and six months of supervised programmatic experience. Within one month after being promoted or beginning work, a minimum of 12 hours of training related to the care of children.</li> </ol>	<p><u>Program leaders</u></p> <p>A qualified program leader must have fulfilled a high school program completion or the equivalent of such.</p> <p>Training hours required for program leaders will gradually increase, such that three years after the effective date of the regulation, 24 hours of training would be required.</p>	<p><u>Program leaders</u></p> <p>A qualified program leader must have fulfilled a high school program completion or the equivalent of such.</p> <p>Training hours required for program leaders will gradually increase, such that three years after the effective date of the regulation, 24 hours of training would be required. Child-related training taken within six months of becoming a program leader can count toward the required hours of training.</p>
<b>Ongoing Training</b>	Annual training for all staff who work directly with children = 8 hours	<p>Annual training for all staff who work directly with children = 10 hours</p> <p>In addition, the amount of annual training hours required for all staff will gradually increase, such that three years after the effective date of the regulation, 16 hours of annual training would be required.</p>	<p>Annual training for all staff who work directly with children = 10 hours</p> <p>In addition, the amount of annual training hours required for all staff will gradually increase, such that three years after the effective date of the regulation, 16 hours of annual training would be required.</p>



	<b>Current Regulations for Licensed Child Day Centers</b>	<b>Initial Regulatory Changes Proposed by CDCC</b>	<b>Final Regulatory Changes Adopted by CDCC</b>
<b>Ongoing Training</b> (continued)	There must always be at least one staff member on duty who has obtained instruction in performing the daily health observation of children; training must be updated every three years.	There must always be at least one staff member on duty who has obtained within the last 12 months instruction in medication administration and performing the daily health observation of children.	Two years after the effective date of the regulation, prescribed or over-the-counter medications must be administered by a staff member who has completed a course approved by DSS.  Staff required to have the training must be retrained every three years, with interim refresher training and practice demonstrations annually.
<b>Resilient Surfacing Under Outdoor Playground Equipment</b>	At least six inches of materials must be under equipment with moving parts or climbing apparatus.	At least nine inches of loose-fill, impact absorbing surfacing materials must be under equipment with moving parts or climbing apparatus.	Impact absorbing surfacing materials must comply with minimum safety standards determined through testing procedures stated in the ASTM F1292 Standard as shown in the National Program for Playground Safety handbook, "Selecting Playground Surface Materials." In practice, the amount of resilient surfacing will vary depending on the height of the playground equipment, but will generally amount to 6-9 inches of materials, such as wood chips.
<b>Transportation</b>	No ratio requirements during transportation of children to and from the center.	No ratio requirements during transportation of children to and from the center as long as there is one staff member or adult in addition to the driver when 16 or more children are being transported in the vehicle.	One staff member or adult is necessary in addition to the driver when 16 or more preschool or younger children are being transported in the vehicle.

Source: JLARC staff review of current and proposed Standards for Licensed Child Day Centers.

tion, particularly from before- and after-school program providers. The Child Day-Care Council subsequently eliminated the group size requirements from the final regulations.

***Minimum Square Footage Per Child.*** Another commonly regulated facet of child care centers is the minimum square footage that must be available per child. The minimum square footage requirement is the primary determinant of the maximum capacity for which DSS will license a center. This requirement does not literally require that each child be assigned a certain square footage in the center. Rather, it requires that, in total, there be enough space that when averaged across the total number of children present, it would equal or exceed the minimum amount dictated by the regulations. In Virginia, centers are required to have a minimum of 25 square feet for children older than 16 months. Centers must have a minimum of 35 square feet per child for those from birth to 16 months.

To measure the available square footage, DSS staff measure each room in the center that is used by children. The square footage is divided by either 25 or 35, depending on whether the space is used for infants or older children, to determine the maximum number of children that will be allowed to be present at any one time. Space not commonly used by children for play, such as hallways, closets, and kitchens is not included in the square footage calculation.

The Child Day-Care Council revised the square footage requirement to mandate a minimum of 35 square feet per child for all children, regardless of age. This change has been a major source of concern for providers and parents, as it impacts the maximum number of children who may attend each center. After considering the public comments and examining practices employed in other states and findings from child development research, the council retained this change in the final regulations approved in May 2004. However, the council changed the timeframe within which the regulation must be met. The original proposal required implementation of the change five years after the effective date of the regulation. Under the final regulations, this requirement will not go into effect for existing centers until nine years after the effective date of the regulation. New applicants, and current licensees that make additions to their centers, must meet the 35 square footage requirement three years after the regulation becomes effective.

***Staff Qualifications and Training.*** Significant changes pertaining to staff qualifications and training have also been made to the child care center regulations. In general, minimum qualifications for selected staff and training hours for all staff who work with children will be increased.

Currently in Virginia, a program director must be at least 21 years of age and must meet one of five different combinations of education and experience levels outlined in the regulations. Exhibit 2 summarizes the five options. Three years after the effective date of the regulation, one of the options through which a person may qualify for a center director position will be phased out. Specifically, the option requiring the least amount of formal education and greatest amount of prior experience (option five) will be eliminated. Current directors will be given a period of time within which they must take coursework sufficient to meet one of the other four op-

tions. In addition, management training will be required for new center directors without prior management training or a course in management training.

Other changes were implemented with an aim toward increasing the flexibility of meeting the minimum goals. For example, college coursework will no longer be required to be obtained from an accredited college or university. Additionally, the educational component of one of the remaining four qualifying options was changed such that, to qualify as a director under that option, the director must acquire 12 semester hours of college credit in child-related courses, instead of the current 48 semester hours.

In addition to director qualifications, the minimum qualifications for program leaders (commonly referred to as lead teachers) were also modified. Specifically, pre-service training hours required to be a program leader will gradually increase, such that three years after the effective date of the regulation, a minimum of 24 hours of training will be required to qualify as a program leader. As with the center director requirements, college coursework will no longer be required to come from an accredited college or university.

In terms of ongoing training, the current regulations require staff who work directly with children to annually attend eight hours of staff development activities. The new regulations annually increase by two hours the minimum annual training hours for such staff. Three years after the effective date of the regulations and every year thereafter, staff will be required to receive 16 hours of annual training. The new regulations will also apply to program directors. Finally, the new regulations increase the amount of training required for medication administration.

**Playgrounds.** One of the proposed changes to Virginia's child care regulations relates to the resilient surfacing requirements for outdoor playground equipment. Resilient surfacing refers to shock absorbing materials, such as wood chips, sand, and pea gravel that are placed under and around playground equipment. Currently, child care centers are required to maintain at least six inches of surface materials under any piece of equipment with moving parts or climbing apparatus, regardless of its height.

Originally, the council proposed increasing the minimum required resilient surfacing from six inches to nine inches for materials commonly used by centers, such as wood chips, sand, and pea gravel. During the public comment period, concerns were raised that this change added cost to the center without adequately taking into account the appropriateness of the depth for a given set of equipment.

Subsequently, the nine inch resilient surfacing standard was removed from the revised regulations and replaced with a requirement for child care centers to follow the guidelines issued by the National Program for Playground Safety (NPPS) in its handbook titled "Selecting Playground Surface Materials: Guidelines for Selecting the Best Surface Material for Your Playground." In accordance with testing procedures prescribed by the American Society for Testing and Materials F1292 Standard for Playground Surfacing, NPPS conducted tests of five loose-fill materials commonly used on playgrounds. These include pea gravel, sand, wood chips, shred-

ded rubber, and engineered wood fiber. Based on these tests, NPPS issued standards which identify, for a given height of equipment, the depth of resilient material needed to avoid a life-threatening head injury if a fall occurred. The recommended depths of surface materials in these guidelines are dependent upon the type of material used as well as the height of the equipment. These standards were incorporated into the final regulations.

In addition to the resilient surfacing requirement, the final regulations also limit the height of climbing equipment and equipment with moving parts that is used by preschool or younger children. Currently, climbing equipment used by toddlers and preschool children cannot be taller than seven feet. In the revised regulations, centers cannot install any slide or climbing equipment (to be used by preschoolers or toddlers) that has an unenclosed climbing portion taller than six feet. (Existing preschool equipment that is taller than six feet will be allowed to remain in use at the center.)

***Transportation.*** In the current minimum standards for licensed child day centers, there are no ratio requirements that must be followed by a center during the transportation of children to and from a center. The only adult that must be in the vehicle is the bus or van driver. Generally, most centers that provide routine transportation of children do so for school age children only. However, reportedly there are some centers that will pick up preschool or younger children from their homes and transport them to the center. While the initial proposal affected all centers that provided transportation, the final regulatory change in this area calls for a second adult to be present when 16 or more preschool or younger children are being transported. Centers that transport only school age children are not affected by this proposed change.

### **Current Status of the Regulatory Changes**

The regulatory changes for child day care centers were adopted by the Child Day-Care Council on May 13, 2004. Subsequently, the revised regulations were reviewed by the Office of the Attorney General and have been submitted to the Office of the Governor. As a result of HJR 114 and SJR 80, final action by the Governor has been delayed pending completion of this JLARC review.

In addition, the Joint Commission on Administrative Rules has begun a review of the revised child day care regulations. By law the joint commission is responsible for reviewing existing agency rules or regulations and agency rules or regulations during the promulgation or final adoption process. If it finds problems with the revisions, it can vote to suspend the new regulations, but only with the concurrence of the Governor.

## **POTENTIAL IMPACT OF THE REVISED CHILD DAY CARE CENTER REGULATIONS**

The State has a responsibility to protect the welfare of Virginia's children. Regulation of child care centers is one way that it meets this responsibility. If children are not adequately cared for, there can be long-term detrimental effects for children and their families. Further, the State's economy is dependent on a workforce that is able to make acceptable child care arrangements for its children.

However, the State needs to ensure that the regulations implemented are not so stringent that their positive effects are outweighed by unintended negative consequences. Such unintended effects might include increasing the costs of child care to the point that many families would be unable to afford it, thus pushing them into unregulated care (which may not be of comparable quality). Another unintended consequence could be that the regulations are so burdensome that they cause regulated child care centers to go out of business, thereby limiting access to regulated care by Virginia's families.

JLARC staff examined the potential impact of the recently revised regulations from three perspectives – the potential impact on children in care, the potential impact on the parents of children in care, and the potential impact on the operators of child day care centers. The first step was to examine whether the changes to the regulations have been found to have a positive impact on children's well-being. Since the primary purpose of the regulations is to protect the welfare of children, if there is no discernible positive impact from the revised regulations, then their implementation is unjustified, regardless of the impact on providers and parents. However, if the changes have a potentially positive impact on children's welfare, then it is appropriate to examine the impact of the changes on providers and parents. The purpose of such an analysis is to determine whether the financial impact on providers and parents would be substantial enough to cause unintended negative consequences that would potentially cancel out or minimize the benefits to the children.

This review found that academic research appears to support the idea that there would be beneficial impacts to children to be derived from the regulatory changes. This review also found that the proposed changes will have financial consequences. These financial consequences likely will impact both providers and parents. Depending on the management decisions of providers and market conditions, the regulations may result in an increase in fees for some parents.

### **Impact of the Revised Regulations on the Welfare of Children in Care**

According to documents from DSS and the Child Day-Care Council, the goals of the regulatory revisions are to "provide more protection for children in care, be less intrusive and burdensome for providers, and clarify the language" of current regulations. As previously mentioned, the codified purpose of child care regulations

is to protect the welfare of children in care. The major regulatory changes that have received the most attention from providers, parents, and child care experts (and have been the focus of discussion in this report) have a “quality of care” focus. While there may be philosophical differences as to the extent of quality that can be regulated, a review of the academic research on the impact of child care characteristics on children supports the conclusion that the types of changes proposed by the Child Day-Care Council can have a positive impact on children.

***Impact of Changes Pertaining to Child-Staff Ratios, Minimum Square Footage Per Child, and Staff Qualifications and Training.*** JLARC staff conducted a review of the literature on the impact of various structural dimensions on child development outcomes. Structural dimensions include factors that are most commonly regulated by states, such as child-staff ratios, group size, caregiver qualifications, caregiver training, and minimum square footage per child. There is a growing body of research that addresses whether these factors impact child development, with the general consensus being that improvements along these dimensions reflect increasing child care quality and have a positive impact on both short- and long-term child outcomes.

Exhibit 3 provides a brief listing of some of the academic research on the effects of child-staff ratios, group size, and caregiver qualifications and training. This listing is meant to provide some examples of the research in this area, but is not an exhaustive compilation. The National Conference of State Legislatures (NCSL) issued a series of four reports in March 2004 that provide a more comprehensive summary of the relevant academic literature. (These reports are part of the series titled “Child Care and Early Education: Research and Policy Series.”) Three additional reports provide comprehensive reviews of research on child care quality and its impact on children – “Child Care Quality: Does It Matter and Does It Need to be Improved?” (Vandell and Wolfe, U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, 2000), “From Neurons to Neighborhoods: The Science of Early Childhood Development” (Shonkoff and Phillips, editors; National Research Council and Institute of Medicine, 2000), and “Are They in Any Real Danger? What Research Does – and Doesn’t Tell Us About Child Care Quality and Children’s Well-Being” (Love, Schochet and Mechstroth, Mathematica Policy Research, 1996).

A variety of rating instruments, such as the Early Childhood Environment Rating Scale (ECERS), have been used to measure the impact of various structural and programmatic characteristics of child care centers on child well-being. According to the 1996 Love *et al* review, dimensions most strongly associated with improved child development and center quality are: lower child-staff ratios, small group sizes, caregivers’ sensitivity, and staff education and experience. For example, studies have found that children in settings with lower child-staff ratios tend to receive more individualized attention than centers with higher ratios. This more attentive relationship results in stronger child-caregiver bonds, reportedly one of the most important factors in a child’s cognitive, emotional, social, and physical development.

<b>Exhibit 3</b> <b>Selected Studies of the Impact of</b> <b>Child Care Structural Features on Child Development Outcomes</b>	
<b>Study</b>	<b>Major Findings</b>
Cost, Quality, and Outcomes Study, 1995, 1999	This multi-phased study found that several structural characteristics of child care are associated with quality programs, including child-staff ratios, teacher education and training, teacher wages, administrator's prior experience; also found that that states with more stringent licensing regulations have fewer poor-quality child care centers.
National Institute of Child Health and Human Services (NICHD) Study of Early Child Care	This is a major longitudinal study, begun in 1991, which examines the relationship between children's development over time and their experiences in a wide range of child care settings. Several studies using these data have found relationships between staff-child ratios, teacher educational levels and positive child outcomes. See study below for example.
Child Outcomes When Child Care Center Classes Meet Recommended Standards for Quality (NICHD Early Child Care Research Network, 1999)	Study used national standards from the American Public Health Association and American Academy of Pediatrics (1992) to examine whether children in classes that meet more of the recommended standards for child-staff ratios and teacher training have better outcomes than those in classes that meet none of the recommended standards. Study found that children in child care that met recommended standards had higher average school readiness scores, improved language comprehension, and fewer behavior problems than children in classes that met none of the recommended standards.
Florida Child Care Quality Improvement Study (1998)	Several years ago Florida revised its child-teacher ratios for infants and toddlers and increased the education requirements for child care teachers. A study assessing the impact of these changes found that "children's intellectual and emotional development has improved (including increased language proficiency and fewer behavior problems); teachers are more sensitive and responsive; and teachers' negative management styles have declined."
Source: JLARC staff analysis of recent academic research in early childhood development and child care.	

Numerous studies have found links between higher quality day care programs and positive child outcomes, such as higher cognitive functioning and intellectual development, better language development, and better social development. These differences occur when other variables, such as family income, are controlled. For example, a 2003 study of the Smart Start Program in North Carolina found that “children who attended higher quality centers score significantly higher on measures of skills and abilities deemed important for success in kindergarten than children from lower-quality centers.” Specifically, “Receptive Language, Print Awareness, Book Knowledge, Applied Math, and Counting One-to-One were all significantly positively related to quality.”

A 2002 General Accounting Office report further summarized the research on the relationship between high quality child care and positive socio-emotional development.

Lower child-to-adult ratios and small class sizes improves children’s social and emotional development. Lower child-to-adult ratios result in children appearing less apathetic and distressed; fewer behavior problems at 24 and 36 months of age; enhancements in children’s social development; and teachers and children interacting more beneficially.... Additionally, researchers have found that when caregivers have more formal education and specialized training, children are more cooperative, have fewer behavior problems at 24 and 36 months of age, and have a greater security of attachment.

The 2000 National Academy of Sciences report noted that:

While child care of poor quality is associated with poorer developmental outcomes, high-quality care is associated with outcomes that all parents want to see in their children, ranging from cooperation with adults to the ability to initiate and sustain positive exchanges with peers, to early competence in math and reading.

In addition, some of the longitudinal research has found that high quality programs result in benefits accruing into adulthood. For example, the High/Scope Perry Preschool Project findings indicate that adults born into poverty who participated in a high-quality preschool program have “half as many criminal arrests, higher earnings and property wealth, and greater commitment to marriage.”

Research has also been conducted linking the amount of square feet per child to various development outcomes. Generally, the research literature shows positive child outcomes, such as less disruptive behavior, when there is at least 35 square feet per child of play space. Some studies have shown that even greater levels of space, such as 50 square feet per child, produce more positive outcomes. For example, a 2003 study that examined children’s stress reactions (by examining cortisol levels) found that available space of at least 53 square feet per child reduced toddlers’ stress levels. A previous study from 1995 found that increased space per child



reduced the occurrence of conflicts and competition and instead promoted positive interactions between children.

In addition to the body of research linking quality child care to positive child outcomes, there are also some studies that point to indirect negative effects from increasing the stringency of day care regulations. For example, a 2002 study (Blau) indicated that tougher regulations imposed on child care centers increase the cost to providers, ultimately resulting in lower wages for day care employees (rather than increased prices).

There are also some limitations to the academic research. First, while the various research suggests that reductions in child-staff ratios and group size, and increases in caregiver qualifications and square footage per child will improve child outcomes, none of the research reviewed by JLARC staff identifies the incremental impact on children from the specific changes proposed in the new regulations. For example, the research has found positive child development effects from lowering child-staff ratios, but the specific impact from lowering the ratio for two year olds from ten-to-one to eight-to-one has not been documented. Likewise, JLARC staff did not find any research documenting the specific impact on children from increasing the square footage per child from 25 square feet to 35 square feet, although there is research that documents positive outcomes from having at least 35 square feet per child.

Second, a gap in the research is the identification of thresholds for various structural factors, below which additional positive child development outcomes do not accrue. However, for Virginia this lack of information is less consequential due to the fact that the structural changes proposed do not generally approach the typical dimensions that have been empirically shown to improve child outcomes and that have been proposed in national standards, such as the National Health and Safety Performance Standards: Guidelines for Out-of-Home Child Care Programs. (These standards, issued in 2002, were developed jointly by the American Academy of Pediatrics, American Public Health Association, and National Center for Education in Maternal and Child Health.) In practice, there are very few states that regulate factors such as child-staff ratios at the levels recommended by the national standards or as required for accreditation by the National Association for the Education of Young Children. Even so, as previously discussed Virginia ranks below average compared to other states on many of the structural dimensions proposed for change by the council.

***Impact of Playground Regulation Changes.*** According to a report by the Virginia Department of Health (VDH), Center for Injury and Violence Prevention, 103 individuals were admitted to Virginia hospitals in 2000 due to injuries that occurred on playgrounds. Children from birth to 14 years accounted for about 96 percent of the injured individuals. A U.S. Consumer Product Safety Commission report found that in 1999, approximately 76 percent of playground-related injuries occurred on equipment designed for public use (outside of the home setting). About 79 percent of the injuries that occurred on public equipment primarily involved falls to the surface below the equipment. Although these statistics do not account for in-

juries treated on-site at a day care center, at a physician's office, or in the child's home, they provide an overall snapshot of what is occurring on public playgrounds.

Over the past two decades, several studies have concluded that the height of equipment and characteristics of surfacing materials are related to playground-related injuries. In a nationwide study of the risk of injuries associated with day care center attendance, it was concluded that reducing the height of climbing equipment and providing improved resilient playground surfaces on which a child might fall could reduce injury rates and risks associated with day care centers. Examples of study findings that identify the height of playground equipment as a factor include the following:

*A 1990 study related to playground hazards in child care centers found that climbing equipment with a height of six feet or more had more than twice the rate of fall injuries as climbing equipment less than six feet in height. A 1996 study that focused on injuries caused by falls from playground equipment concluded that falls from heights in excess of 1.5 meters (4.9 feet) increased the risk of injury 4.1 times that of falls of 1.5 meters or less. The study also found that if the maximum fall height of playground equipment was reduced to 1.5 meters, this would result in an estimated 45 percent reduction of childhood visits to emergency departments.*

Resilient surfacing is another characteristic that has been linked to playground-related injuries. For example:

*Since the implementation of the North Carolina Child Care Commission's 1996 playground safety regulations, the annual rate of injuries requiring medical attention that occurred in regulated child care facilities declined by 22 percent from 1997 to 1999. The most significant changes made to North Carolina's playground safety regulations are associated with resilient surfacing and fall zones, which are the areas under and around the equipment where the child is likely to fall. The regulations now require a minimum of six inches of resilient surfacing. Before the 1996 playground safety regulations became effective in North Carolina, there were no resilient surfacing requirements in the child care standards.*

As previously described, the National Program for Playground Safety (NPPS) has conducted tests of materials commonly used as resilient surfacing on playgrounds. Based on these tests, NPPS identified the minimum depth for each type of material that would be needed to prevent a life-threatening head injury. This testing concluded that for most of the loose fill materials commonly used, such as wood chips and sand, a depth of six inches is sufficient for equipment no higher than six feet (which is the maximum height for new preschool equipment in Virginia's revised regulations). However, for taller equipment and for certain other types of material, such as pea gravel, additional material would be needed to adequately protect a child from a life-threatening head injury.

Virginia's revised regulations regarding resilient surfacing meet the minimum requirements recommended by the NPPS, which are focused on reducing severe childhood injuries from playground falls. Therefore, the proposed regulatory changes would appear to have a positive impact on the health and safety of children in child care centers.

### **Financial Implications of the Regulatory Changes**

While the academic research suggests a positive impact on Virginia's children from the proposed regulatory changes, there is also likely to be a financial impact from these changes. The JLARC staff analysis was not able to document, based on the proposed changes, the precise costs that will be incurred by each center and how those costs will impact the families at each center. The costs incurred will depend, in part, on a variety of management decisions made by each center. Also, some of the data that would be needed to determine impacts of some specific changes are not available without contacting each child care center individually (which was not possible within the timeframe for this study).

However, JLARC staff were able to estimate potential impacts on providers and parents of some of the more significant changes in the new regulations, in part, using data from a random sample of centers. For some changes, the number of centers impacted could not be determined, but JLARC staff were able to estimate what the cost would be if a center were impacted, such as with regard to resilient surfacing and transportation. This section of the report discusses the costs that JLARC staff were able to estimate.

***Increase in Minimum Square Footage Per Child.*** The increase in the minimum square footage per child (for children older than infants) from 25 square feet to 35 square feet has raised the most concern in terms of the potential financial impact on centers, and subsequently on parents. This change clearly has the potential to have the greatest cost impact. This impact is highly dependent on the extent to which centers enroll children up to the maximum capacity they would be allowed under the current 25 square feet rule.

Not all day care centers would be affected by the change in this standard. Of the 2,531 centers in Virginia, 401 already follow standards that require 35 square feet per child. Therefore, JLARC staff focused on the 2,130 centers that potentially could be affected by the change. To determine the extent to which these 2,130 centers may actually be affected by this change, JLARC staff collected data from DSS licensing files for a sample of 360 child care centers across the State. Specifically, for each center in the sample, JLARC staff collected data on the square footage of each room (used by children) in the center and the total enrollment and enrollment by age group (as reported by the center in its renewal application). Using these data, JLARC staff calculated the allowable enrollment (total capacity) of the center under the current 25 square feet requirement and the proposed 35 square feet requirement. (Licensed capacity is not always equal to the total number of children who could be allowed at the center based on the 25 square foot rule, because some

centers request a licensed capacity that is lower than the capacity for which they would be eligible.)

Based on this analysis, centers would be impacted if they have a current enrollment (as of the date of their latest renewal application) that is more than the number of children they would be allowed to have (licensed capacity) under the new minimum 35 square foot rule. It is important to note that, given that the new regulation regarding square footage does not go into effect for nine years, the vast majority of currently enrolled children will not be impacted by any potential enrollment decline.

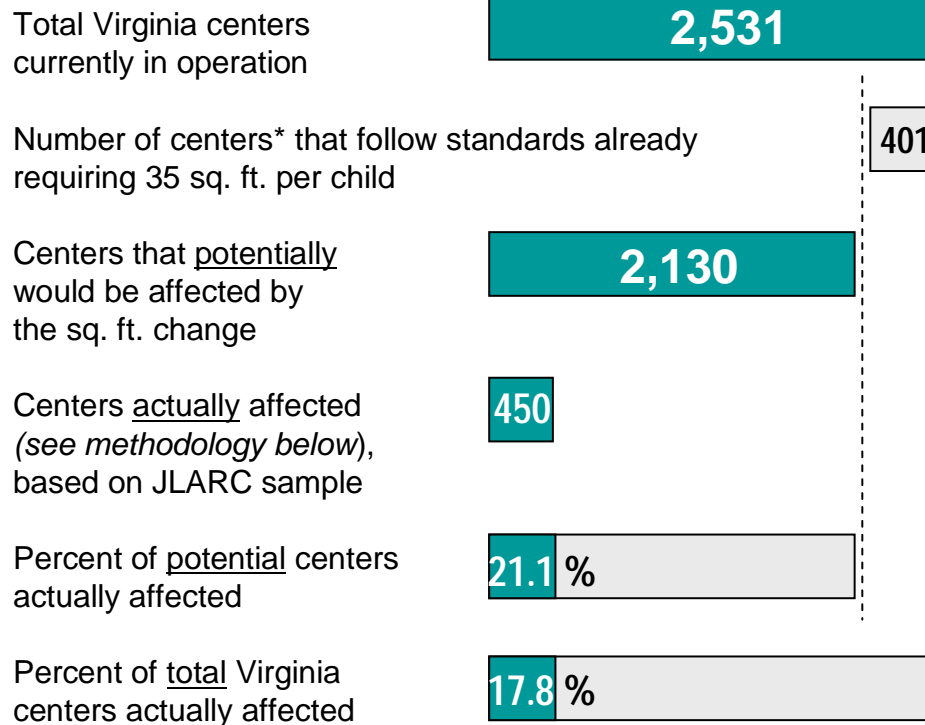
JLARC staff found that the enrollment levels of approximately 17.8 percent of child care centers in Virginia would be affected by the increase in minimum square footage per child. The current enrollment levels of the remaining 82.2 percent of centers will not be affected by this change. The percentages are weighted to proportionally represent the number of child care centers in each region of Virginia. Figure 5 illustrates the methodology used in this analysis. For the 17.8 percent of centers affected, the impact on enrollment would range from a decline of less than one percent of enrollment to 30 percent, with an average decrease of 16 percent. The number of enrollment positions that would need to be eliminated ranges from one to 63 positions.

JLARC staff examined the data to determine which types of centers might be more affected than others. The results by center size and by region are displayed in Table 6. It appears that centers with licensed capacities greater than 100 children are more likely to be impacted, while centers with licensed capacities of 50 children or fewer are less likely to be impacted by the change. The analysis also identified some differences across regions of the State. For example, approximately one-fourth of the centers in the Virginia Beach and Newport News areas are estimated to be affected, but about one-tenth of the centers in the Northern Virginia area are estimated to be impacted. Across the State, very few centers that serve only school age children are likely to be impacted by the square footage change.

JLARC staff found that the maximum capacity of a center can vary somewhat depending on the method used by DSS to calculate licensed capacity. Historically, DSS licensing staff calculated the square footage of each room, added the space from all the rooms, and then divided by 25 to determine the number of children allowed in the facility. The calculated value was rounded down to the whole number. Recently, however, DSS has changed this procedure for calculating allowable capacity. Its current policy is to calculate the number of children per room, rounded down to the whole number, and then to add the number of children from all the rooms to determine total capacity. This change in calculation method can impact centers' maximum capacity by up to a few children, due to the differences in rounding. As a result, some centers were found to be impacted by the new square footage rule when the new calculation policy was applied, but were not affected when the prior policy was used.

Figure 5

### Impact of Square Foot Rule on Centers (All Centers, Using DSS By-Room Calculation)



#### Calculation Methodology Based on Sample

Number of centers in JLARC sample**:	354
Number of centers for which enrollment would be affected by at least one child**:	75
Percent of sample affected:	$\frac{75}{354} = 21.1\%$
Percent applied to potential centers	$21.1\% \times 2,130 = 450$

\*This number includes 241 Head Start Centers, 129 centers accredited by the National Association for the Education of Young Children (NAEYC), and 51 centers located within a locality with an ordinance more restrictive than the proposed regulations. Note that these categories are not mutually exclusive.

\*\*Weighted.

Source: JLARC staff analysis of DSS child care center licensing data.

**Table 6**  
**Estimated Percentage of Centers for Which Enrollment Levels  
 Would Be Impacted by the Revised Square Footage Requirement**

**Statewide\***: 17.8% of centers are impacted

<b><u>Center Size</u><sup>1</sup></b>	<b><u>Percent of Centers Impacted*</u></b>	<b><u>Region</u></b>	<b><u>Percent of Centers Impacted</u></b>
Small	11.9%	Southwest	21.6%
Medium	18.4	Roanoke	15.7
Large	25.8	Shenandoah	11.0
		Warrenton	14.4
		Fairfax	11.2
		Richmond	23.0
		Newport News	25.6
		Virginia Beach	24.6

<sup>1</sup>Small centers have a licensed capacity of one to 50 children, medium centers have a licensed capacity of 51 to 100 children, and large centers have a licensed capacity of greater than 100 children.

\* Weighted estimates.

Sample N = 350

Source: JLARC staff analysis of DSS child care center licensing file data.

Given the varying impact, JLARC staff calculated allowable capacity using both methods. However, because DSS will have to recalculate the capacity of all centers and issue new licenses when the square footage change goes into effect in nine years, it seems reasonable to assume that the department will apply its current calculation method to determine each center's new capacity. Therefore, the results presented in this section refer to the impact of the change, assuming DSS calculates capacity on a per room basis and then adds the room capacities to arrive at a total licensed capacity for the center. This approach estimates a somewhat greater impact on centers than will occur if DSS chooses to calculate capacity using the previous policy.

For centers impacted by the change in minimum square footage, how that impact is manifested is largely determined by a variety of management decisions. On a broad level, centers have two options for addressing the reduction in capacity. They can reduce enrollment or they can add square footage to their existing structure. It cannot be determined at this time how many centers will decide to build additions to their current structures and how many will decide to reduce enrollment. However, anecdotally it has been suggested that centers would be more likely to reduce their enrollment levels. To a large extent, a center's decision would be impacted by how many enrollment positions it would lose under the new rule. On average, centers affected by the square footage change would lose 14 enrollment positions. It can reasonably be assumed that a center that stands to lose five posi-

tions would be less likely to build an addition than a center that may lose 25 positions. Another factor that may limit a center from building an addition is the size of its property. Some centers may have insufficient land to add to their structures, or they may operate in rental space. Therefore, while JLARC staff collected information on potential costs associated with constructing an addition, the cost analysis primarily focuses on the impact to providers and parents for centers choosing to reduce enrollment to comply with the new square footage regulation.

JLARC staff used three types of data to calculate the impact on revenues from a reduction in enrollment: survey data from DSS that identified the median weekly fees charged by child care centers, by age group, by locality in 2002 (to which an inflation factor was applied); center enrollment data, by age group; and the JLARC staff estimates of enrollment losses due to the new regulation. From these data, JLARC staff calculated the loss of revenue as a proportion of estimated total revenue for each center in the JLARC sample. The approximately 12 percent of small centers that would be affected by the increase in minimum square footage would be expected to lose an average of 17.2 percent of revenues. The 18.4 percent of medium centers impacted by the regulatory change would have their revenues reduced an average of 19.4 percent. The 25.8 percent of large centers impacted by the change would be expected to lose 14.4 percent of total revenues, on average. Thus, while there would be more large centers impacted by the change, the extent of the impact on large centers would be less than for small centers.

Another major factor that would affect the extent of the financial impact to providers and parents is the provider's management decision regarding how much of the revenue loss to absorb and how much to pass on in the form of increased fees paid by parents. As shown in Exhibit 4, the impact on providers and parents can be viewed along a continuum. At the one end, a center may absorb all of the revenue loss out of its profit margin. At the other end, a center may eliminate any revenue loss by increasing the fees for the remaining children to a level that would equal its revenues prior to the enrollment loss. In between the two extremes, a center may choose to absorb some of the cost and pass some of the cost on to parents.

Market conditions in a center's vicinity will certainly have a bearing on what actions a center takes to manage the enrollment loss. In particular, because enrollments are impacted at only 18 percent of centers, the ability of impacted centers to increase fees and remain competitive with the other centers may be limited.

On the other hand, the feasibility of centers absorbing the full impact of the enrollment loss, at least for substantially impacted centers, is questionable. Child care industry representatives provided JLARC staff with varying estimates of the typical child care center profit margin. These estimates ranged from an average of three to ten percent of revenues. If these estimates are consistent with actual practice, then it is unlikely that centers with substantial enrollment losses would be able to absorb the full cost of the square footage change at current revenue levels. Therefore, some level of fee increase would be expected for these centers. However, this scenario may only apply to a small portion of centers overall. (While the financial impact of the square footage change may not be incurred at these centers for nine

**Exhibit 4****Impact on Revenues and Fees for the 17.8 Percent of Child Day Care Centers Impacted by Revised Square Footage Requirement**

<b>Center Size<sup>1</sup></b>	<b>Effect If Center Absorbed Full Impact of Enrollment Loss</b>	<b>Effect If Families Absorbed Full Impact of Enrollment Loss at Centers</b>	
	<b>Average Percentage Loss of Revenue for Providers that Are Impacted*</b>	<b>Average Weekly Fee Increase to Fully Recover Revenue Loss*</b>	<b>Average Percent Fee Increase to Fully Recover Revenue Loss*</b>
Small	17.2%	<b>⇐ OR ⇒</b>	
Medium	19.4		
Large	14.4		
		\$26.68	22.3%
		28.51	24.7
		24.18	17.0

<sup>1</sup> Small centers have a licensed capacity of one to 50 children, medium centers have a licensed capacity of 51 to 100 children, and large centers have a licensed capacity of greater than 100 children.

\* Weighted estimates. Sample N = 75

Source: JLARC staff analysis of DSS child care center licensing file data.

years due to the implementation timeframe, center costs and fees would be expected to change during the intervening years due to routine cost increases in business operations.)

In examining the option to build additional space, JLARC staff obtained typical costs for constructing a commercial child care building. Department of General Services (DGS) capital outlay staff provided data on total project costs associated with construction of a day care center, in part using the Marshall and Swift construction cost estimating industry resource. Table 7 presents the estimated cost per square foot to build a child care facility in different areas of the State. Costs include the basic building costs, site work and utility costs, architect fees, project inspection costs, furnishings, and other typical costs. These estimates provide costs for 2004, and therefore, would not reflect the costs that would be incurred by a provider if the construction were carried out when the new regulation goes into effect in nine years. (According to DGS, construction costs increase an average of three percent per year.)

Using the cost estimates provided by DGS, JLARC staff estimate that it would cost approximately \$140,000 to build a 1,000 square foot day care structure in the Richmond area. Assuming some space is used for restrooms and a hallway, a structure of that size would have an approximate capacity of 26 children under the 35 square foot rule. As with the loss of enrollment, center management would need



**Table 7**  
**Cost Per Square Foot to Construct a Child Day Care Center**

<u>Cost Category</u>	<u>National Average Cost</u>
Construction Costs <sup>1</sup>	\$114.88
Support Costs <sup>2</sup>	34.46
<i>Total Project Cost</i>	149.34

<u>Virginia Location</u>	<u>Total Project Costs Adjusted for Virginia Locations</u>
Northern Virginia	\$153.82
Richmond	140.38
Norfolk/Newport News	138.89
Roanoke	137.39

<sup>1</sup> Construction costs include basic building costs, additional site work, and utility costs.

<sup>2</sup> Support costs include architect/engineer fees, project inspections, furnishings and loose equipment, advertisement, testing, and other costs.

Source: Department of General Services Division of Capital Outlay, and *Marshall Valuation Service*, Marshall and Swift, Feb. 2003, with monthly update as of May 2004.

to decide to what extent the mortgage costs of the new building (or addition) would be paid for out of center profits versus an increase in fees paid by parents. In either case, the added costs for any construction project could be substantial.

One other potential impact of the new square footage regulations pertains to the value of the day care business. Centers for which licensed capacity will decrease may experience a reduction in the value of their businesses. There are no data that identify the proportion of centers that are for-profit and those that are not-for-profit; therefore, the extent of this impact is unknown.

***Impact of Changes in Child-Staff Ratios.*** JLARC staff found that the changes to the child-staff ratios would have a lesser financial impact on centers and parents than the square footage change. However, there would be an impact for some centers.

As with the square footage analysis, JLARC staff used sample data to estimate the financial impact of the changes in child-staff ratios for preschool children ages two, four, and five. Specifically, JLARC staff identified the child-staff ratios, by age, in effect during the most recent DSS monitoring visit for which the licensing specialist recorded the ratios. (In many cases the ratio data reported were from visits during 2003.) Using these data, JLARC staff were able to identify the proportion of centers that had child-staff ratios at a higher ratio than the new regulations will allow. For centers that had at least one ratio that did not meet the new requirements, JLARC staff calculated the reduction in enrollment that would be necessary

to bring the centers in line with the new ratios for two, four, and five year olds. Data were not sufficient to determine the impact of the ratio change for the younger school age children (five to eight year olds), and therefore, centers that serve only school age children were eliminated from the analysis. Figure 6 illustrates the methodology used for the analysis.

Statewide, 14.9 percent of the centers serving children younger than school age are estimated to have at least one ratio that may require a reduction in enrollment under the new ratio regulations. As shown in Table 8, large centers were substantially more likely to have ratios that exceed the new regulations. (This does not mean that the centers exceed the current ratios, however.) Twenty-eight percent of large centers had an enrollment level compared to staff that exceeded the new ratio requirements while only 5.7 percent of small centers would be considered out-of-compliance under the new regulations. While a smaller proportion of small centers is impacted, these centers are impacted to a greater extent than larger centers. Based on this analysis, small centers would experience a 5.9 percent reduction in enrollment, on average. The impact on enrollment for medium centers would average 3.9 percent of enrollment, and for large centers, enrollment would be impacted by an average of 2.3 percent.

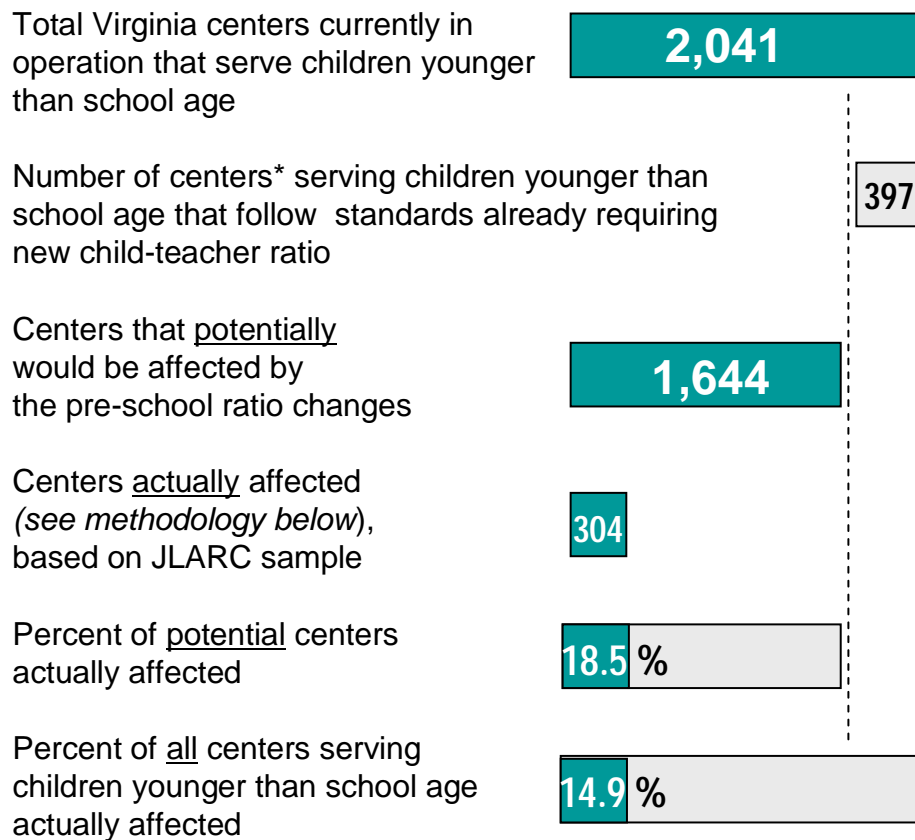
There were also noticeable differences between regions. None of the centers in Southwest Virginia were impacted by the new ratio requirements; however, 30.9 percent of the centers in the Newport News area currently exceed at least one of the new ratio requirements. Across all centers serving children younger than school age that would be affected by the changes in ratios, the number of enrollment positions to be eliminated ranges from one to 13 positions, with an average decrease of three positions.

An important limitation of this analysis is that it does not take into account management decisions that may be made to reallocate staff and/or classroom configurations to minimize the impact of these ratio changes. For example:

*In one center a classroom of four year olds had two more children than would be allowed under the new regulations, given the number of staff present. Therefore, this center was counted as being impacted by the child-staff ratio changes. However, the center had a classroom of five year olds that had a child-staff ratio substantially lower than will be required under the new regulations. In practice, it is likely that, instead of reducing enrollment in the four year old classroom, the center may instead choose to include some four and five year olds in a combined classroom, thus complying with the new ratios without having to reduce enrollment.*

Given this limitation, the analysis most likely overestimates the impact on enrollment from the changes in ratios for two, four, and five year olds. Further, depending on the number of children in excess of ratio requirements, a center may determine that it is more cost-effective to hire additional staff and maintain or even increase current enrollment.

**Figure 6**  
**Impact of New Child-Teacher Ratio Requirements on Day Care Centers that Serve Children Younger than School Age**



**Calculation Methodology Based on Sample**

Number of centers in JLARC sample serving children younger than school age\*\*: **243**

Number of these centers for which enrollment would be affected by at least one child\*\*: **45**

Percent of these centers affected:  $\frac{45}{243} = 18.5\%$

Percent applied to potential centers: **18.5% x 1,644 = 304**

\*This number includes 241 Head Start Centers, 129 centers accredited by the National Association for the Education of Young Children (NAEYC), and 47 centers located within a locality with an ordinance more restrictive than the proposed regulations. Note that these categories are not mutually exclusive.

\*\*Weighted.

Source: JLARC staff analysis of DSS child care center licensing data.

**Table 8**

**Estimated Percentage of Centers Serving Children Younger than  
School Age for Which Enrollment Levels Would Be Impacted  
by Revised Preschool Child-Staff Ratio Requirements**

**Statewide\***: 14.9% of centers are impacted

<b><u>Center Size<sup>1</sup></u></b>	<b><u>Percent of Centers Impacted*</u></b>	<b><u>Region</u></b>	<b><u>Percent of Centers Impacted</u></b>
Small	5.7%	Southwest	0%
Medium	12.0	Roanoke	10.6
Large	28.0	Shenandoah	5.5
		Warrenton	17.9
		Fairfax	15.0
		Richmond	21.9
		Newport News	30.9
		Virginia Beach	11.2

<sup>1</sup> Small centers have a licensed capacity of one to 50 children, medium size centers have a licensed capacity of 51 to 100 children, and large centers have a licensed capacity of greater than 100 children.

\* Weighted estimates.

Sample N = 253

Source: JLARC staff analysis of DSS child care center licensing file data.

Of the 14.9 percent of centers for which enrollment may be impacted by the revised ratio requirements, JLARC staff calculated the associated revenue loss from the elimination of enrollment positions. As shown in Exhibit 5, if centers absorb the full impact of the enrollment loss, they stand to lose an average of 2.3 percent to 5.9 percent of revenues, depending on their size. As with the square footage results, there is a substantially higher proportion of large centers impacted by the ratio changes; however, the impact is 2.3 percent of revenues, on average. If families absorbed the full impact of the enrollment losses, they would be expected to pay, on average, an additional \$3 to \$7 per week in increased fees.

***Impact of Playground Regulation Changes.*** The potential impact of the new playground regulations on child care providers will vary based on management decisions regarding two factors: (1) the type of surfacing material used by the center, and (2) the height of its playground equipment. It is important to note that the changes being proposed do not affect the entire playground. Resilient surfacing is required only in the fall zones of playground equipment that has moving parts or on which children can climb. In addition, playground equipment in child care centers is optional, and centers that would have to increase resilient surfacing because of one piece of equipment can instead choose to remove that particular piece of equipment to avoid those costs.

**Exhibit 5****Impact on Revenues and Fees for the 14.9 Percent of Child Care Centers Impacted by Revised Preschool Child-Staff Ratio Requirements**

<b>Center Size<sup>1</sup></b>	<b>Effect If Center Absorbed Full Impact of Enrollment Loss</b>	<b>Effect If Families Absorbed Full Impact of Enrollment Loss at Centers</b>	
	<b>Average Percentage Loss of Revenue for Providers that Are Impacted*</b>	<b>Average Weekly Fee Increase to Fully Recover Revenue Loss*</b>	<b>Average Percent Fee Increase to Fully Recover Revenue Loss*</b>
Small	5.9%	<b>⇐ OR ⇒</b>	\$7.09
Medium	3.9		6.4%
Large	2.3		5.17
			4.1
			2.3

<sup>1</sup> Small centers have a licensed capacity of one to 50 children, medium size centers have a licensed capacity of 51 to 100 children, and large centers have a licensed capacity of greater than 100 children.

\* Weighted estimates.

Sample N = 42

Source: JLARC staff analysis of DSS child care center licensing file data.

There are no available data that identify the height of playground equipment and the type of surfacing material used in each child care center. From the limited playground information in the DSS licensing files and discussions with licensing staff, it appears that most centers use wood chips as their resilient surfacing material. Based on the proposed regulations, it appears that centers that use wood chips or sand on their playgrounds and that have playground equipment in which the unenclosed climbing portion is no taller than six feet will not be affected by the changes.

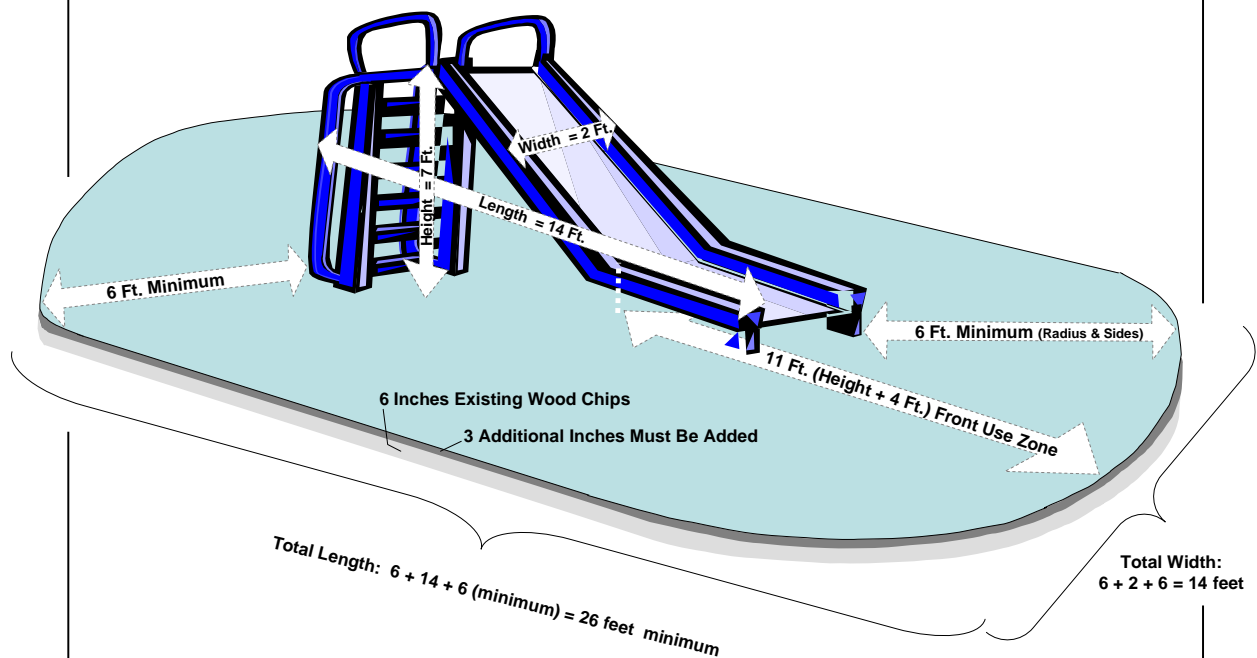
However, to examine the potential financial impact for centers that do not currently meet the new regulations, JLARC staff developed an estimate of the cost to add surfacing materials in the fall zone of a typical piece of playground equipment. Figure 7 provides an illustration of the modifications that would have to be made to the playground. Based on the dimensions of the slide, JLARC staff calculated the square footage of the fall zone, using the requirements in the new regulations. A center that has a slide with a fall height (height of platform) of seven feet and uses wood chips or sand as its resilient surfacing currently is required to have six inches of the material in the area underneath and surrounding the slide. In order to comply with the new standards, the center must add three inches of resilient material to the fall zone of the slide.

Figure 7

### Illustration of Potential Cost Impact from New Playground Regulations

**Example:** A center has a slide that is 7 feet tall, 14 feet long, and 2 feet wide (an average-size slide). As required by the old regulations, there are 6 inches of wood chips in the fall zone.

Because of the slide's height, the new regulations require 9 inches of wood chips covering the fall zone. The fall zone would be at least 26 feet long (possibly more depending on where the slope of the slide ends) and 14 feet wide.



#### Cost impact of complying with new regulations:

The estimated cost of wood chips for 3 additional inches of depth is \$1 to \$1.50 per square foot. In this example, the minimum fall surface area is 364 square feet (26 x 14). Therefore, the cost of adding 3 inches in depth would range from \$364 to \$546, and possibly more depending on the shape of the slide.

Source: JLARC staff analysis of cost data from playground surface manufacturer and proposed regulations for sliding boards.

JLARC staff obtained cost estimates from two playground surface manufacturers in Virginia for loose-fill materials commonly used on playgrounds. The estimated cost for three inches of wood chips, sand, pea gravel, and engineered wood fiber, including delivery and installation, is approximately \$1 to \$1.50 per square foot. Based on the dimensions of the fall zone, the center should expect to spend from \$364 to \$546 to bring this playground equipment into compliance with the new regulations.

Costs related to maintenance are not expected to increase since centers are currently required to maintain the surfacing materials located on their playgrounds. According to a Virginia-based playground surface manufacturer, maintenance costs associated with nine inches of resilient surfacing would be roughly equivalent to that of six inches of materials.

Additional costs may be incurred in certain circumstances. For example, added costs may be incurred by centers using pea gravel if they choose to have equipment six feet or taller. Such a center with a six feet tall piece of equipment would need to provide 12 inches of pea gravel in the fall zone, which would double the cost estimated in the example. If the center has equipment seven feet or taller, the revised regulations would not permit the use of pea gravel. In this case, the center would either have to remove the tall equipment or remove all the pea gravel and replace it with an alternative resilient surface, such as nine inches of wood chips.

When considering the cost of compliance with the proposed standard for resilient surfaces, it is important to remember the potential alternative costs to families of play areas with surfaces that do not meet the recommendations of the National Program for Playground Safety. When a child is injured, there are a number of costs that are incurred by the family, such as hospital bills and days of missed work. Insurance companies operating in Virginia also incur costs as a result of these injuries. A study conducted by an injury epidemiologist at the Virginia Department of Health's Center for Injury and Violence Prevention calculated the total hospital costs for playground-related injuries for children birth to 14 years old in Virginia during 2000. The study found that \$486,877 in hospital charges were expended on 103 individuals who were admitted to hospitals as a result of injuries sustained on a playground. It can reasonably be concluded that a reduction in severe injuries on playgrounds could result in reduced medical costs for some families as well as reduced costs for insurance companies. Moreover, reduced insurance claims against centers for playground injuries could result in lower liability insurance costs for centers.

***Impact of Changes in Staff Qualifications and Training.*** As previously described, the new regulations increase the minimum education and training requirements, both pre-service and ongoing, for directors and staff who work directly with children at day care centers. The financial impact of the changes in requirements will vary by center, depending on the current staff qualifications and number of training hours that staff at each center currently obtain. Comprehensive information on current qualifications and training levels is not available. However, JLARC staff identified potential costs that may be incurred for staff that only meet the minimum requirements under the current regulations. It is not clear whether the

centers or individual staff members would be responsible for paying these costs, but for purposes of this analysis it is assumed that the centers would be responsible for these costs.

JLARC staff identified two types of costs that may be incurred in meeting the new education and training requirements: (1) the cost of the training or educational courses; and (2) staff salary costs incurred for training obtained during normal business hours. Increased minimum educational requirements could result in costs incurred to complete college courses. For current center directors without any college-level education or child development credential, the director will have to obtain a minimum of three semester hours of college credit per year, beginning three years after the effective date of the new regulations. The Fall 2004 cost per credit hour for courses at Virginia's community colleges ranged from \$64.25 to \$77.35, with an average of \$69.29 (including required activity fees). Therefore, a three semester hour course would cost approximately \$208. Directors hired within one year of the new regulations' effective date, who do not have the minimum educational level, will be required to obtain a minimum of six semester hours of college credit, and thus would incur a yearly cost of approximately \$416.

The new regulations also require additional training hours for new program leaders and for all center staff who work directly with children. These additional training hours will be phased in over a three-year period. In the first year, new program leaders must take four additional training hours than currently required. By the third year, new program leaders will be required to obtain 12 more training hours than new program leaders are currently required to obtain. For all center staff who work directly with children, required training hours will increase from eight to ten hours when the new regulations go into effect. Training hours will increase yearly, with an additional eight hours of training required by the third year. In addition, program directors, who currently are not required to obtain any annual training, will now be required to obtain the same hours of annual training as staff who work directly with children.

Hourly training costs can vary depending on the source of the training. For centers that are part of a regional or national chain, training is often conducted by in-house training departments. The cost of training conducted internally could not be determined. However, other centers rely on training opportunities in their communities or through the training division of DSS. DSS has recently instituted an on-line training calendar which lists available child care-related training. In addition to DSS training, other organizations that provide child care training may post their training sessions on the calendar. Based on a review of the training offered through the on-line service, it appears that most of this training is relatively low-cost. For training offered in September 2004, costs ranged from free for a four-hour course to \$100 for a two-day training conference. DSS typically charges \$10 for a four-hour training course. Therefore, the cost per staff person to obtain eight hours of DSS training (the additional amount of training that will be required in three years) is \$20.

If centers provide the training to staff during business hours or otherwise require staff to attend, centers would be expected to pay the salary costs for the staff



while they are in training. JLARC staff obtained 2002 average hourly wage estimates for child care workers, preschool teachers, and child care program administrators from the U.S. Department of Labor, Bureau of Labor Statistics. The estimated 2002 hourly wage for child care workers in Virginia was \$8.00. For preschool teachers in Virginia, the hourly wage was \$10.56, and for child care administrators it was \$16.43. JLARC staff used these hourly rates to estimate the salary costs associated with the additional training requirements.

During the first year after the effective date of the regulations, the estimated salary costs associated with the director training would average \$164 for ten hours of training. After the third year, estimated costs associated with director training would average almost \$263 for 16 hours of training. Estimated salary costs associated with staff training would range from about \$16 to \$21 per staff person for two additional hours of training. After the third year, the estimated per staff cost would range from approximately \$64 to \$84 for eight additional hours of training. (These estimated costs do not account for increases in average salaries that may occur.)

The following case example illustrates potential costs that may be incurred by a center to meet the new requirements.

*A center has a staff of 12 employees who work with children and typically hires or promotes two program leaders each year. The staff receive training equivalent to the current minimum training requirements. The center director has a high school diploma and needs three additional college courses to be fully qualified.*

*Additional costs that may be incurred by the center to meet the new regulations during the first year would include the following: approximately \$208 for the director's college course work, \$120 for staff training, and \$223 for staff salary costs, for a total of \$551. (The director's course work will count toward the training hours required, and therefore would not be an added cost.) Compared to costs under the current regulations, the center could expect to pay the following additional costs after the third year: \$400 for staff training, including the director; \$60 for program leader training, and \$1,377 for staff and director salary costs, for a total of \$1,837. (These costs do not account for increases in training and salary costs.)*

There are at least two sources of funding that can provide assistance with some training and education costs. DSS offers a scholarship program in which the department will pay the tuition for up to eight child-related community college courses per applicant. (Alternatively, the child care worker can be allocated a monetary equivalent and apply that amount to the college or university of his or her choice.) DSS will pay for up to two courses per semester through this program. The second funding source is a program called TEACH, which is administered by VOICES for Virginia's Children (and partly funded by DSS). This scholarship program helps pay for an associate of arts degree in a child-related field. The scholar-

ship covers all coursework, books, and fees. The program requires a ten percent match from the student and a ten percent match from the day care provider/employer. Use of these scholarship programs could help reduce the added costs associated with the new regulations.

In addition, it should be noted that DSS is in the process of substantially increasing the number of training classes offered each year in order to meet the increased training demand that will result from the new regulations. It is also developing alternative training options, such as the use of training videos, which will provide another avenue for center staff to obtain their required training hours in a cost-effective manner.

While there is no comprehensive information on the extent to which center staff may already meet the revised regulations regarding qualifications and training, there are some data suggesting that at least a portion of centers would not be financially impacted by these changes. First, based on a limited review by JLARC staff of director qualifications included in the DSS licensing files reviewed, it appears that the qualifications of many of the current directors would preclude the need for additional education or pre-service training to meet the new regulations. Second, a 2003 DSS survey of day care center staff concerning training found that 38 percent of respondents currently take more than 16 hours of training annually. An additional 53 percent of respondents reported taking between nine and 16 hours of training annually. Therefore, it is clear that many centers would not incur the education and training costs identified in this analysis.

***Impact of Changes in Transportation.*** The final regulations adopted by the Child Day-Care Council require an additional staff person to be present on vehicles that are transporting 16 or more children who are of preschool or younger age. Based on information from representatives in the child care field and DSS licensing staff, it appears that few centers provide routine transportation to children younger than school age. Further, when transportation is offered, it is often provided through the use of 15-passenger vans. Centers that use these vans for transporting their children younger than school age would not be affected by the regulatory change.

JLARC staff calculated the potential cost of this regulation for the few centers that would likely be impacted. Assuming that it takes one hour to complete a transportation run in the morning and one hour in the evening, adding one staff person on the bus could cost the center an estimated \$16 per day, or \$4,320 per year. This calculation is based on the 2002 average hourly wage estimate of \$8 for child care workers in Virginia, as determined by the U.S. Department of Labor, Bureau of Labor Statistics. Given this cost, some centers may decide to eliminate their transportation service for preschool or younger children.

***Cumulative Impact of Regulatory Changes.*** Because it cannot be determined which centers will and will not be impacted by the playground, training, and transportation regulatory changes, it is not possible to identify a cumulative cost impact from these proposed changes. However, JLARC staff were able to identify the extent to which centers would be impacted by both the ratio and square foot-

age changes. In all, enrollments at approximately 29 percent of centers may be impacted because of the square footage and/or the child-staff ratio changes, although a significant portion of these (46 percent) may lose five or fewer enrollment positions. Most centers impacted by the square footage change are not impacted by the ratio changes, and vice versa. Of the three percent of centers that technically would be impacted by both, the impact is not cumulative. That is, a loss in enrollment resulting from the square footage change would also result in compliance with the child-staff ratio changes. Hence, the maximum cost impact to centers would be the greater of the enrollment loss due to the square footage change or the enrollment loss due to the ratio changes.

## CONCLUSION

The academic research on early childhood development and child care appears to support the Child Day-Care Council's conclusion that the proposed changes would improve the quality of care for Virginia's children. Further, the council appears to have closely considered the input obtained through public comment. In part as a result of these comments, the council made significant changes to the final regulations that reduced the financial impact of the regulations on day care providers and parents, as compared to the originally proposed changes.

Despite these modifications, the final regulations will have a financial impact on some centers. Based on the sample of child care centers in the JLARC staff analysis, the changes would not appear to impact most centers enough to cause a significant decline in total day care center enrollment across the State, particularly given the tremendous growth in the day care industry during the 1990s and current vacancy rates. Moreover, since centers have nine years to comply with some of the standards, most children currently enrolled will not be affected. In addition, given that day care centers in many other states routinely comply with more stringent regulations, especially regarding the minimum square footage per child, it appears feasible for centers to operate under the more stringent regulations proposed by the Child Day-Care Council.

If the regulations are approved in final form, there are steps that are being taken and/or that could be taken to assist providers and families affected by the changes. For example, early childhood training opportunities offered by DSS could continue to be enhanced, with a particular focus on providing more advanced training for child care professionals. In addition, the subsidy rates for infants, toddlers, and preschoolers provided through the Child Care and Development Fund on behalf of low income families have recently been increased, and should help defray some of the cost increases. Also, day care centers may wish to take greater advantage of the Virginia Small Business Financing Authority Child Day Care Financing Program, which provides loans of up to \$50,000 to centers, in part, to assist in making (non-capital) renovations or changes to centers to bring them into compliance with the day care center regulations. Finally, the State could monitor implementation of the regulatory changes to determine the ongoing impact of the changes on children, providers, and parents.

## Appendix A

### Study Mandate

#### HOUSE JOINT RESOLUTION NO. 114

*Directing the Joint Legislative Audit and Review Commission to study the potential impact of the amended 22 VAC 15-30, Standards for Licensed Child Day Care Centers, on providers, parents, and children. Report.*

Agreed to by the House of Delegates, March 10, 2004

Agreed to by the Senate, March 9, 2004

WHEREAS, child-care services in Virginia represent a vital part of the human services spectrum, and the regulation of child-care services is important to the health, safety and development of children enrolled in such programs; and

WHEREAS, regulation 22 VAC 15-30, Standards for Licensed Child Day Centers, sets forth guidelines by which licensed child day centers in the Commonwealth must operate, and addresses administration, staff qualifications and training, physical plant, staffing and supervision programs, special care provisions and emergencies, and special services; and

WHEREAS, a report prepared for the Board of Social Services, A Study of the Quality Affordability and Accessibility of Child Care in the Commonwealth of Virginia, Senate Document 4 (2000), noted that 95 percent of parents are satisfied with the quality of child-care services, and that Virginia enjoys low staff turnover and a stable workforce in child care; and

WHEREAS, the study further noted that at least five percent of parents were not satisfied with the quality of care their children were receiving, that 28 percent of parents surveyed considered moving their child due to safety and health concerns, that 21 percent of parents surveyed reported actually moving their children due to safety and health concerns; and 34 percent of parents surveyed reported that they would be willing to pay more for child care if the number of children in their child's classroom was reduced by even one child; and

WHEREAS, the study reported that parents view as the most important attributes of child care "loving and attentive care" (37 percent and 49 percent, respectively) and "safety and security" (36 percent and 33 percent, respectively); and

WHEREAS, the study reported that there is no discernible failure in the market for child-care services in Virginia, and the market for child-care services in Virginia functions efficiently for households with children age six and under; and

WHEREAS, the study, however, noted that 47 percent of parents surveyed reported that their search for an appropriate child-care arrangement was either somewhat difficult (28 percent) or very difficult (18 percent); and

WHEREAS, amendments to regulation 22 VAC 15-30 intended to enhance the early care and development of children have been proposed and are being considered by means of the Administrative Process Act; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and Review Commission be directed to study the potential impact of the amended 22 VAC 15-30, Standards for Licensed Child Day Care Centers, on providers, parents, and children. The Commission shall examine the amended 22 VAC 15-30, as approved by the Child Day-Care Council, but prior to approval by the Governor, and the Governor is requested to consider the results of the study prior to his approval of the regulation.

Technical assistance shall be provided to the Commission by the Department of Social Services for this study. All agencies of the Commonwealth shall provide assistance to the Commission for this study, upon request.

The Joint Legislative Audit and Review Commission shall submit a report of its findings and recommendations to the Governor, the General Assembly, and the Commissioner of the Department of Social Services no later than September 15, 2004. The Commission shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the 2005 Regular Session of the General Assembly. The executive summary and report shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

## **SENATE JOINT RESOLUTION NO. 80**

*Directing the Joint Legislative Audit and Review Commission to study the potential impact of the amended 22 VAC 15-30, Standards for Licensed Child Day Care Centers, on providers, parents, and children. Report.*

Agreed to by the Senate, February 17, 2004

Agreed to by the House of Delegates, March 9, 2004

WHEREAS, child-care services in Virginia represent a vital part of the human services spectrum, and the regulation of child-care services is important to the health, safety and development of children enrolled in such programs; and

WHEREAS, regulation 22 VAC 15-30, Standards for Licensed Child Day Centers, sets forth guidelines by which licensed child day centers in the Commonwealth must operate, and addresses administration, staff qualifications and training, physical plant, staffing and supervision programs, special care provisions and emergencies, and special services; and

WHEREAS, a report prepared for the Board of Social Services, A Study of the Quality Affordability and Accessibility of Child Care in the Commonwealth of Virginia, Senate Document 4 (2000), noted that 95 percent of parents are satisfied with the quality of child-care services, and that Virginia enjoys low staff turnover and a stable workforce in child care; and

WHEREAS, the study further noted that at least five percent of parents were not satisfied with the quality of care their children were receiving, that 28 percent of parents surveyed considered moving their child due to safety and health concerns, that 21 percent of parents surveyed reported actually moving their children due to safety and health concerns; and 34 percent of parents surveyed reported that they would be willing to pay more for child care if the number of children in their child's classroom was reduced by even one child; and

WHEREAS, the study reported that parents view as the most important attributes of child care "loving and attentive care" (37 percent and 49 percent, respectively) and "safety and security" (36 percent and 33 percent, respectively); and

WHEREAS, the study reported that there is no discernible failure in the market for child-care services in Virginia, and the market for child-care services in Virginia functions efficiently for households with children age six and under; and

WHEREAS, the study, however, noted that 47 percent of parents surveyed reported that their search for an appropriate child-care arrangement was either somewhat difficult (28 percent) or very difficult (18 percent); and

WHEREAS, amendments to regulation 22 VAC 15-30 intended to enhance the early care and development of children have been proposed and are being considered by means of the Administrative Process Act; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Joint Legislative Audit and Review Commission be directed to study the potential impact of the amended 22 VAC 15-30, Standards for Licensed Child Day Care Centers, on providers, parents, and children. The Commission shall examine the amended 22 VAC 15-30, as approved by the Child Day Care Council, but prior to approval by the Governor, and the Governor is requested to consider the results of the study prior to his approval of the regulation.

Technical assistance shall be provided to the Commission by the Department of Social Services for this study. All agencies of the Commonwealth shall provide assistance to the Commission for this study, upon request.

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## **Appendix B**

### **Definitions of Child Care Programs**

#### **Child Day Center:**

A child day program offered to (i) two or more children under the age of thirteen in a facility that is not the residence of the provider or of any of the children in care or (ii) thirteen or more children at any location.

#### **Family Day Home:**

A child day program offered in the residence of the provider or the home of any of the children in care for one through twelve children under the age of thirteen, exclusive of the provider's own children and any children who reside in the home, when at least one child receives care for compensation.

#### **Registered Family Day Home:**

Any family day home serving fewer than six children which has met the standards for voluntary registration for such homes pursuant to regulations promulgated by the State Board of Social Services and which has obtained a certificate of registration from the Commissioner.

#### **Church Exempt:**

A child day center operated or conducted under the auspices of a religious institution that has chosen to be exempt from licensure, but has complied with certain provisions of the *Code of Virginia* requiring documentary evidence and an annual statement.

Source: *Code of Virginia*.



## Appendix C

### Localities Served by Each DSS Licensing Office

<u>Region</u>	<u>Localities Served</u>
Southwest	Bland, Buchanan, Carroll, Dickenson, Grayson, Lee, Patrick, Russell, Scott, Smyth, Tazewell, Washington, Wise, Wythe, Bristol, Galax, Norton
Richmond	Amelia, Brunswick, Buckingham, Charles City, Charlotte, Chesterfield, Cumberland, Dinwiddie, Essex, Fluvanna, Goochland, Halifax, Hanover, Henrico, King and Queen, King William, Lancaster, Louisa, Lunenburg, Mecklenburg, New Kent, Northumberland, Nottoway, Powhatan, Prince Edward, Prince George, Richmond, Westmoreland, Colonial Heights, Hopewell
Fairfax	Arlington, Loudoun, Fairfax, Alexandria, Fairfax, Falls Church, Leesburg
Newport News	Gloucester, Isle of Wight, James City, Mathews, Middlesex, Surry, Sussex, York, Hampton, Newport News, Poquoson, Williamsburg
Roanoke	Alleghany, Amherst, Appomattox, Bath, Bedford, Botetourt, Campbell, Craig, Floyd, Franklin, Giles, Henry, Montgomery, Nelson, Pittsylvania, Pulaski, Roanoke, Rockbridge, Bedford, Buena Vista, Clifton Forge, Covington, Danville, Lexington, Lynchburg, Martinsville, Radford, Roanoke, Salem
Shenandoah	Albemarle, Augusta, Clarke, Frederick, Greene, Highland, Madison, Orange, Page, Rockingham, Shenandoah, Warren, Charlottesville, Harrisonburg, Staunton, Waynesboro, Winchester
Virginia Beach	Accomack, Northampton, Southampton, Greensville, Chesapeake, Emporia, Franklin, Norfolk, Portsmouth, Suffolk, Virginia Beach
Warrenton	Caroline, Culpeper, Fauquier, King George, Prince William, Rappahannock, Spotsylvania, Stafford, Fredericksburg, Manassas, Manassas Park, Woodbridge

Note: Regions are defined based on the localities served by each DSS regional licensing office. Some of the region "names" have been changed to more easily recognized regional areas.

Source: DSS listing of localities served by each regional licensing office.

## **Appendix D**

### **Agency Response**

As part of an extensive data validation process, the major entities involved in a JLARC assessment effort are given an opportunity to comment on an exposure draft of the report. This appendix contains the written response of the Department of Social Services.

Appropriate technical corrections resulting from the written comments have been made in this revision of the report. Page numbers in the agency response refer to an earlier draft and may not be accurate for this report.



**COMMONWEALTH OF VIRGINIA**  
**DEPARTMENT OF SOCIAL SERVICES**

September 8, 2004

Mr. Phillip A. Leone, Director  
Joint Legislative Audit and Review Commission  
Capitol Square  
General Assembly Building, Suite 1100  
Richmond, Virginia 23219

Dear Mr. Leone:

Thank you for providing my staff and me with the exposure draft of your report, *Special Report: Impact of Proposed Child Day Care Regulations in Virginia*. It was a pleasure working with you and your staff on this study. We recognize the number of hours of labor that were put into this report and commend you and your staff for your hard work. My staff and I are respectfully submitting suggestions that may further enhance the clarity and accuracy of your report. Respective rationales are provided for each issue of interest.

**Suggestions for your review:**

**Proposed Changes to Child Day Center Regulations**

- P. 21 - Content

Under Characteristics of Child Day Centers in Virginia, sentence four indicates that there was a great deal of opposition regarding group size, but it does not explain. For the reader to have a clear and accurate understanding, it is important to explain why there was such great opposition and why, in response to that opposition, the Child Day Care Council eliminated the group size requirement but did not drop other requirements that generated opposition. It would be beneficial to add that the opposition was due to a misunderstanding of the proposed maximum group size requirement and the impact on child day centers, particularly centers and programs that serve school-age children. The misunderstanding was that the requirement as proposed would have allowed *multiple* groups of 36 children to be cared for in the same classroom setting (provided there was adequate space and that there was a distinction between each group of 36 children). However, most before and after school programs perceived that the new requirement would force them to reduce their enrollment from 200 children to 36 children because all of the children were cared for in the same space (e.g., cafeteria). In actuality, the new requirement would have allowed all 200 children to stay, provided there was sufficient space for each child, as long as the larger group of 200 children was recognizably divided into smaller groups of no more than 36 children each (with the appropriate number of caregivers per group)

Potential Impact of the Revised Child Day Center Regulations

- P. 25 - Content

The first sentence in the fourth paragraph would be more accurate if the words “appears to” were deleted in favor of “supports...” The research clearly supports the idea that there would be beneficial impacts to children to be derived from the regulatory changes.

Impact of the Revised Regulations on the Welfare of Children in Care

- P. 26 - Content

The last sentence in the first paragraph would be enhanced by replacing the word “can” in the phrase, “...changes proposed by the Child Day Care Council can have a positive impact on children” to “will” or “more likely than not, will have a positive impact on children.”

Impact of changes pertaining to child-staff ratios, spatial density, and staff qualifications and training

- P. 29 – Content

In paragraph two, economic research is cited that suggests potential, negative indirect effects on children. It seems important, when introducing economic research, to include similar studies that demonstrate potential direct and indirect positive effects on children’s parents and the community and economy in which they live. For example, in the Economic Impact Study on North Carolina Child Care (2004), the Vice President of the National Economic Development and Law Center reported that “The findings presented here today demonstrate the importance of accessible, high quality care to North Carolina’s economic development future.” Findings from this and other studies, such as the Minnesota study, suggest that if high quality care is not available, children are not the only people who suffer. Parents, businesses and the general populace also suffer when child care is not viewed as an essential part of the economic infrastructure. Child care is a significant industry that enables parental employment, creates revenues and jobs both directly and indirectly, supports economic development including attracting new employers to the state, and has long term economic benefits related to ensuring a competitive future workforce while reducing costs related to social and academic failures. Finally, a number of additional economic studies that focus on the impact of child care quality and accessibility are available through the Cornell Linking Child Care and Economic Development Project. A summary may be found at <http://www.collaboratingpartners.com/docs/SLSummaryofChildCareEcono.pdf>. We have provided a print out of this summary and an executive brief of the North Carolina Economic Impact of the Child Care Industry study with this letter, for your convenience.

Increase in Minimum Square Footage Per Child

- P. 33 - Content

Paragraph three states that two varying calculation methods are used by the Virginia Department of Social Services (VDSS) to calculate child care center square footage. Please disclose that VDSS is taking action this fall to ensure that only one calculation method is used going forward. Standard Operating Procedures to be used by all inspectors will address this matter, and implementation will be monitored.

- P. 35-37 - Content

On these three pages, child care center fee increases are largely, though not exclusively, addressed in terms of how the change in square footage may impact the amount of money centers charge for tuition. I believe this discussion would be more balanced if it placed more emphasis on the fact that over a period of nine years child care center tuition rates will increase and change due to fluctuations in the child care industry that are irrespective of square footage. That is, a center's rates may increase due to changes to a variety of factors affecting the quality of care that is provided to its children. For example, a center may draw from a different sector of the market, or clientele, by setting itself apart from its competitors through increasing its quality (e.g., space, teacher education, class ratios, group size, curricula and philosophy, etc).

Figure 5 and Figure 6 on p. 40

- P. 34 - Content

For the sake of clarity in terms of the NAEYC data that VDSS reported on to the Child Day Care Council, it may be important to note why the number of NAEYC centers that JLARC included in its study (129) is different than the number of centers accredited by a national organization that requires 35 square feet per child that DSS included in its impact study (265). Ms. Ford and my staff discussed this discrepancy earlier. We have contacted NAEYC's Joanne Cerda for a fourth time (09/03/04) to again verify that the number of centers in Virginia that are either already accredited or formally engaged in the process of either accreditation or re-accreditation that already have 35 square feet per child is 265 (as opposed to 129). We requested a statement in writing from NAEYC to provide to JLARC but were unable to obtain such documentation on such short notice. Ms. Cerda did, however, refer my staff to the Director of Communications, Mr. Simpson, who would be able to supply the requested statement in writing. We have left a message for Mr. Simpson to contact my staff at his earliest convenience.

Impact of Changes in Child-Staff Ratios.

- P. 45 - Content

In the first paragraph on this page, potential alternative costs to families whose child care centers do not meet the recommendations included in the proposed child day center regulation are discussed. However, in the preceding sections addressing Square Footage Per Child and Child-Staff Ratios, potential alternative costs to families are not discussed. These costs are equally relevant in these areas. It is important to address alternative costs to providers, communities, parents, and children that research has clearly documented would result if the newly proposed child day center regulation is not implemented in Virginia. For example, the RAND institute published a study in 2000 documenting the benefits of quality child care programs on their children, families, and communities in terms of dollars invested and dollars saved. For children who were able to participate in high quality child care programs, every dollar invested into such programs resulted in a \$7.00 return for the community in terms of reductions in remedial education, learning disabled education, school drop out rates, drug use, use of public assistance programs (welfare), teenage pregnancies, crime, and imprisonment. These savings are also the

Mr. Phillip A. Leone  
September 8, 2004  
Page Four

costs that families were spared because their children were instead productive contributors to society rather than drains on a community's economy. In this same study, increases were found in the number of people who graduated from high school, participated in gainful employment, and attended or graduated from college for children who were enrolled in such quality child care programs.

#### Conclusion

- P. 49 - Content

The first sentence in the first paragraph would be more accurate if the words "appears to" were deleted in favor of "supports..." The research clearly supports the idea that the quality of child care would be improved in any state that was changing child care standards to more closely reflect higher quality practices.

We thank you for the opportunity to respond in writing to your report. You and your staff have been a pleasure to work with.

Sincerely,

A handwritten signature in black ink that reads "Maurice A. Jones". The signature is written in a cursive style with a large, stylized "M" and "J".

Maurice A. Jones  
Commissioner

Enclosures

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## JLARC Staff

---

*DIRECTOR:* PHILIP A. LEONE

● *DEPUTY DIRECTOR:* GLEN S. TITTERMARY

*DIVISION CHIEFS:* HAROLD E. GREER, III  
ROBERT B. ROTZ

---

*SECTION MANAGERS:*

PATRICIA S. BISHOP, FISCAL & ADMINISTRATIVE SERVICES  
JOHN W. LONG, PUBLICATIONS & GRAPHICS

GREGORY J. REST, RESEARCH METHODS  
WALTER L. SMILEY, FISCAL ANALYSIS

---

*PROJECT TEAM LEADERS:*

ARIS W. BEARSE  
JUSTIN C. BROWN  
ASHLEY S. COLVIN

● LINDA B. FORD  
ERIC H. MESSICK  
NATHALIE MOLLIET-RIBET

---

*PROJECT TEAM STAFF:*

JANICE G. BAAB  
WENDY N. BROWN  
EILEEN T. FLECK  
MICHELLE HEBERT-GIFFEN  
ELLEN M. JACKSON  
● JENNIFER N. JENKINS  
PAULA C. LAMBERT

BRAD B. MARSH  
JASON W. POWELL  
KIMBERLY A. SARTE  
TRACEY R. SMITH  
CHRISTINE D. WOLFE  
KENT S. WYATT

---

*ADMINISTRATIVE AND RESEARCH SUPPORT STAFF:*

JOAN M. IRBY  
BETSY M. JACKSON

---

● Indicates JLARC staff with primary assignment to this project

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## Recent JLARC Reports

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*Virginia's Welfare Reform Initiative: Follow-Up of Participant Outcomes*, October 2000  
*Final Report: Child Support Enforcement*, November 2000  
*Technical Report: The Cost of Raising Children*, November 2000  
*Review of the Medicaid Inpatient Hospital Reimbursement System*, December 2000  
*Special Inquiry: A Review of Child Support Enforcement and the Judicial Process*, December 2000  
*Review of the Virginia Distribution Center*, January 2001  
*Review of Construction Costs and Time Schedules for Virginia Highway Projects*, January 2001  
*Review of RMA and Powhite Parkway Extension Toll Facility Operations*, January 2001  
*Review of VDOT's Administration of the Interstate Asset Management Contract*, January 2001  
*Review of Elementary and Secondary School Funding: Interim Status Report*, January 2001  
*Special Report: Preservation of Revolutionary War Veteran Gravesites in Virginia*, February 2001  
*Indigent Participation in Medical Research at Virginia's Medical Schools*, July 2001  
*Review of State Aid to Public Libraries*, July 2001  
*2001 Report to the General Assembly*, October 2001  
*Review of the Virginia Small Business Development Center Program*, December 2001  
*Equity and Efficiency of Highway Construction and Transit Funding*, December 2001  
*Adequacy and Management of VDOT's Highway Maintenance Program*, December 2001  
*Review of Virginia's System of Capital Punishment*, January 2002  
*Interim Report: Review of State Spending*, January 2002  
*Review of Selected Programs in the Department of Medical Assistance Services*, January 2002  
*Review of Secondary and Elementary School Funding*, February 2002  
*Review of State Spending: June 2002 Update*  
*VRS Oversight Report No. 18: VRS Biennial Status and Semi-Annual Investment Report*, July 2002  
*Special Report: Tax Compliance*, October 2002  
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