



# SAFETY AND REGULATORY TRENDS IN CHILD DAY CARE



*December* **2015**

*Sponsored by*



## EXECUTIVE SUMMARY

Changes in family structures and economic pressures on households have increased demand for child day care services in the United States. But many families who are up against a headwind of stagnant wages and increased cost of living struggle to afford the high cost of quality child day care services. The same economic pressures, coupled with a fragmented regulatory environment, impact the level of care provided at many facilities. The result is families frequently left in the unenviable position of either having to work less, or not at all, or leaving their children in unsafe and otherwise suboptimal child day care settings.

## INTRODUCTION

*“In today’s economy, when having both parents in the workforce is an economic necessity for many families, we need affordable, high-quality childcare more than ever. It’s not a nice-to have – it’s a must-have.”* President Barack Obama, State of the Union Address, January 20, 2015

Child care is an issue that was top of mind for many families across America long before President Obama made this comment during his 2015 State of the Union Address. The so called “typical” families of previous generations, with a breadwinner father and a caregiving mother, are not so typical anymore. Children increasingly are raised in dual income or a single parent household, driving demand for child care outside of the home.

A report for the Council on Contemporary Families released last year illustrates the differences in family structure from mid-20th century to today. The report noted that at the end of the 1950’s, 65 percent of children under the age of 15 lived in a household with a working father and a stay at home mother. Today, just 22 percent of children are raised in this type of environment.<sup>1</sup>

According to the report, the most common modern day family structure consists of dual-earning married parents. This represents about one third of all U.S. households.<sup>2</sup> Another report estimates 11 million children under the age of five are in dual income or single parent families.<sup>3</sup>

As a result, the need for child day care has never been greater. But accessing safe, high quality and affordable care has proven a challenge for many families. This is not to say that excellent child care does not exist in the U.S. because it does, but many of the top facilities come at a high cost beyond the means of many middle and lower income families.

Compared with other developed nations the United States has fallen behind in its ability to provide quality accessible child care to all citizens. In many countries child care is subsidized and highly regulated by the federal government. In the United States child day care facilities must meet minimum standards set by state and local governments. The standards, however, differ from state to state and monitoring, if it exists at all, has proven spotty at best.

For a parent, trusting someone else with the safety of their child in itself can be a difficult decision. When that decision means that the child is in an environment that may not only negatively impact his or her health and wellbeing, but also the ability to develop skills necessary to thrive as adults, it becomes a decision no parent ever wants to face.

**“IN TODAY’S ECONOMY,  
WHEN HAVING BOTH  
PARENTS IN THE  
WORKFORCE IS AN  
ECONOMIC NECESSITY  
FOR MANY FAMILIES,  
WE NEED AFFORDABLE,  
HIGH-QUALITY CHILDCARE  
MORE THAN EVER. IT’S  
NOT A NICE-TO HAVE –  
IT’S A MUST-HAVE.”**

**PRESIDENT BARACK OBAMA,  
STATE OF THE UNION ADDRESS,  
JANUARY 20, 2015**

This report examines the current state of child day care in the United States. It looks at current trends in child day care safety, discusses the current regulatory environment, and provides actionable suggestions for how child day care service providers can effectively mitigate risk.

**INCREASES IN THE NUMBER OF WORKING WOMEN, CHANGES IN FAMILY STRUCTURES, FEWER LOCAL EXTENDED FAMILIES, AND MORE INTEREST IN PROVIDING CHILDREN WITH EARLY EDUCATIONAL OPPORTUNITIES HAVE INCREASED DEMAND FOR CHILD DAY CARE SERVICES.**

## A BRIEF OVERVIEW OF CHILD DAY CARE IN THE UNITED STATES

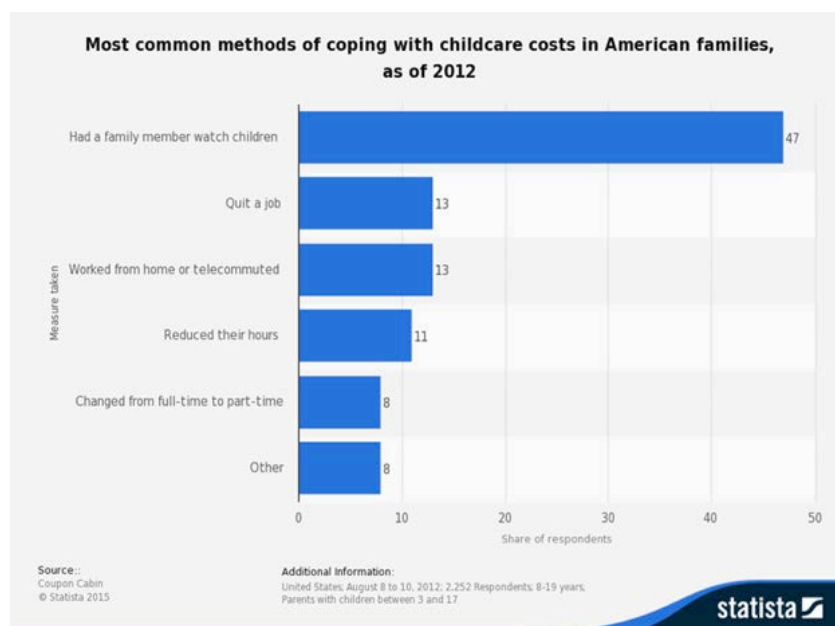
Child day care is a booming business in the United States. Increases in the number of working women, changes in family structures, fewer local extended families, and more interest in providing children with early educational opportunities have increased demand for child day care services. The U.S. Bureau of Labor Services projects that through 2020, child day care services will be one of the fastest growing sectors in terms of wage and salary employment.<sup>4</sup>

According to the U.S. Census Bureau the number of child day care establishments increased from 262,511 in 1987 to 766,401 in 2007 (the most recent year data is available). Ninety percent of these establishments are operated out of a home.<sup>5</sup>

Child day care is not cheap. This is especially true at centers with staff trained in safety, health, and child development. According to the White House, in 2013, the average cost of full-time care for an infant at a child day care center was approximately \$10,000 per year, higher than the average cost of four year in-state college tuition.<sup>6</sup>

The high cost of child day care is often prohibitive for many families – a problem that has been amplified in recent years as middle and lower class incomes have remained stagnant while the cost of living has continued to increase.

As a result, families are forced to make difficult decisions that can either affect the health and wellbeing of their children or the economic health of their family. This is reflected in the chart below which shows as of 2012, 32 percent of American families coping with child care costs either changed from full-time to part-time employment, reduced their hours, or quit their job entirely. (Exhibit 1)



**ALTHOUGH DEMAND IS HIGH FOR CHILD DAY CARE FACILITIES, THEY TOO ARE OFTEN FACED WITH SOME OF THE SAME ECONOMIC CHALLENGES AS THEIR CUSTOMERS. FOR SOME FACILITIES, IT IS A CONSTANT STRUGGLE TO GENERATE THE INCOME NECESSARY TO STAY IN BUSINESS, ESPECIALLY IN LOWER INCOME COMMUNITIES WITH LOWER MAXIMUM TUITION THRESHOLDS.**

To deal with high child day care costs, more families are sending their children to lower cost in-home child day care facilities. While this can be an affordable alternative – in some cases half the cost of traditional child day care centers – the increased demand for these services has also created an environment where there is competitive advantage to operate unlicensed (where licensing is necessary), and therefore unregulated, facilities.<sup>7</sup>

In some states, in-home child day care facilities are exempt from licensing and regulations altogether. In these states, as long as the facility stays below the maximum child threshold -- which can be as high as 12 children – they can operate free of any government oversight.

All too often, however, in-home facilities exceed the state limit of children. Unfortunately, many states do not have procedures in place to identify these facilities until an accident or other incident occurs, bringing it to the attention of the authorities.

Traditional child day care centers, on the other hand, are required by law to be licensed, receive inspections and abide by minimum state requirements for criminal background checks, training, and CPR certification among other requirements.

Although demand is high for child day care facilities, they too are often faced with some of the same economic challenges as their customers. For some facilities, it is a constant struggle to generate the income necessary to stay in business, especially in lower income communities with lower maximum tuition thresholds.

Child day care providers are often left with the choice of either cutting costs or going out of business. Too often, cost-cutting measures come at the expense of safety, health and child development training, and employee salary. It is a viscous cycle and one that contributes to continued poor child day care performance nationally.

A 2007 report by the National Institute of Child Health Development analyzed child day care quality in the United States. The researchers defined quality as care that promotes the developmental well-being of children. The study rated the majority of child care operations in the United States as “fair” – just above “poor,” but short of “good.” According to the report, which looked at both regulatable features such as adult-to-child ratio and caregiver’s education level, and process features such as positive caregiving, fewer than 10 percent of operations were rated as providing high quality child care.<sup>8</sup>

The title of another report released in 2013 by the nonprofit organization Child Care Aware of America pretty much sums up the current state of Child Care in the United States, “We Can Do Better.”<sup>9</sup> One area where there is always room for improvement is health and safety.

**INJURY OVERVIEW OF DAY CARE AGE CHILDREN IN THE UNITED STATES**

Although in decline, unintentional injuries remain the leading cause of child fatalities in the United States. Twenty-five children die every day as a result of unintentional injuries in this country. In 2009 the leading cause of death for day care aged children (Ages 1-4) was drowning (31%), motor vehicles (25%), fire/burns (12%), transportation – other (10%), and suffocation (9%).<sup>10</sup> By some estimates up to 90 percent of fatalities could have been prevented through better safety awareness and prevention.<sup>11</sup>

**TWENTY-FIVE CHILDREN DIE EVERY DAY AS A RESULT OF UNINTENTIONAL INJURIES IN THIS COUNTRY.**

## **ACCORDING TO THE 2007 NATIONAL SURVEY OF CHILDREN'S HEALTH, HOWEVER, APPROXIMATELY 10 PERCENT OF INJURIES TO PRESCHOOL AGE CHILDREN OCCUR IN DAY CARE SETTINGS. CAUSES OF INJURIES IN DAY CARE PROGRAMS INCLUDE HOT LIQUIDS, FALLING OBJECTS, DOORS AND CABINETS, AND DANGEROUS FURNITURE, ESPECIALLY DROP-SIDE CRIBS.**

Millions more children suffer non-fatal injuries that require medical attention. According to the CDC, in 2009 the leading causes of nonfatal unintentional injuries among day-care age children was falling (45%), struck by/against (18%), bite/sting (7%), foreign body (6%), and cut/pierce (4%).<sup>12</sup>

Some children are at higher risk of injury than others. For example, boys are more likely to be injured than girls and other variables such as socioeconomic status, geography, and ethnicity also impact the likelihood of injury.

Many of the injuries that make up these statistics happen outside of child day care establishments, but they provide an overall picture of the types of injuries sustained and the populations most at risk. According to the 2007 National Survey of Children's Health, however, approximately 10 percent of injuries to preschool age children occur in day care settings. Causes of

injuries in day care programs include hot liquids, falling objects, doors and cabinets, and dangerous furniture, especially drop-side cribs. A study looking specifically at Sudden Infant Death Syndrome (SIDS), found that 18 percent of SIDS deaths occur in child day care settings, which proportionately is twice the number that it should be in other settings.<sup>13</sup>

Playgrounds are another significant source of child injury. According to one 2009 study, approximately 50,000 children ages 0-5 are injured on playground equipment each year.<sup>14</sup> Over 10,000 thousand children under the age of two were treated in emergency rooms for injuries sustained on a playground in 2008. About 75 percent of non-fatal playground injuries occur on public playgrounds, the majority of which are at schools and day care centers.<sup>15</sup>

Injuries can result from fully avoidable circumstances – such as baby bottles warmed in a too-easily accessible slow cooker containing scalding water – to unavoidable situations such as undetected defects in children's furniture. While it is not possible to prevent every injury, developing and abiding by site specific health and safety policies can significantly reduce the risk. Most states have minimum requirements for basic health and safety for child day care centers. However, in many states the minimum requirements do not meet the safety standards recommended by pediatric experts.

## **A BRIEF OVERVIEW OF CHILD DAY CARE AND HEALTH AND SAFETY REQUIREMENTS IN THE UNITED STATES**

The regulation of child day care is primarily left up to each individual state. Although most states have basic health and safety requirements for child care centers, they often differ with regards to employee background checks, training and safety, and inspections requirements according to Child Care Aware of America. Rarely do they meet the levels recommended by experts.

This state of affairs was evident in a study comparing the differences in state laws and regulations. Below are a few of the study's key points.<sup>16</sup>

- The infrequency of inspections in some state make health and safety ratings unreliable. In nine states the frequency of inspections is less than once a year.
- State requirements for background checks vary widely. Only 13 states require complete background checks for all staff working in a child day care facility.

- Training requirements also vary. Some states have very minimal requirements. However, most states require at least one individual on the premises to have training in CPR.
- Only 16 states address each of the 10 basic safety and 10 basic health requirements recommended by pediatric experts.

There are also significant regulatory variances between traditional child day care centers and in-home day care facilities. A disproportionate number of injuries take place in largely unregulated or under-regulated home day care settings. One 2005 study from the American Sociological Association that compiled data from state records, court documents, and other reports determined that infants were seven times more likely to die in an in-home setting (home day care or at home with nanny) than in child day care centers. According to this study the most common causes of death included drowning, violence, and fire.<sup>17</sup>

A lack of in-home day care regulation was exposed by The Washington Post in an investigative report published at the end of 2014. The report specifically focused on the state of Virginia where nine children died in in-home day care environments in 2014.

According to The Washington Post report, approximately 45 percent of the nearly 600,000 children in day care in Virginia are cared for in unregulated in-home day care settings. The difference in safety records between regulated and unregulated settings is staggering – between 2004 and 2014 there were 51 deaths at unregulated in-home child-day cares compared with just 18 in regulated settings.<sup>18</sup> According to the report, Virginia in-home day care facilities can operate unlicensed and therefore unregulated as long as there are no more than five unrelated children being cared for.

Some states such as Texas have more stringent regulations, but simply do not have the manpower to conduct frequent inspections.<sup>19</sup> Taken as a whole, most in-home child day care facilities are not subject to the same inspection, training and safety, and background check requirements as traditional day care centers.

In an effort to address some of these issues, in November of 2014, Congress reauthorized the Child Care and Development Block (CCDBG) grant for the first time since 1996. The CCDBG is how states receive federal funding to provide child care assistance to low-income families. Among the changes to the law include an increased emphasis on child safety. In order to receive federal funds child care providers are required to complete background checks, undergo annual inspections, and receive training on topics such as CPR, SIDS, and first aid.<sup>20</sup>

**ONE 2005 STUDY FROM THE AMERICAN SOCIOLOGICAL ASSOCIATION THAT COMPILED DATA FROM STATE RECORDS, COURT DOCUMENTS, AND OTHER REPORTS DETERMINED THAT INFANTS WERE SEVEN TIMES MORE LIKELY TO DIE IN AN IN-HOME SETTING (HOME DAY CARE OR AT HOME WITH NANNY) THAN IN CHILD DAY CARE CENTERS.**

Whether regulated or unregulated, experts recommend that child day care facilities develop a risk reduction plan to assure the children under their care are in an environment where they are safe and can thrive.

## **CHILD DAY CARE RISK MANAGEMENT AND INSURANCE**

Safety experts estimate that up to 90 percent of injuries sustained at child day care facilities could have been prevented through better safety awareness and prevention. Millions of serious child injuries could have been avoided if only more time was spent on employee training and other safety related issues.<sup>21</sup> Meeting minimum state requirements is seldom adequate to assure a safe environment.

While providing a safe environment for children is paramount, reducing risk also can positively impact the organization's bottom line. One accident can cause significant financial loss and in the most severe cases put an organization out of business.

## WHILE BUDGET CONSIDERATIONS MAY LIMIT HOW MUCH A DAY CARE FACILITY CAN SPEND ON INJURY PREVENTION, EVERY FACILITY SHOULD NONETHELESS HAVE A SAFETY PROGRAM.

Cash-strapped child care facilities may believe they don't have the budget to implement a safety program, but even low-margin facilities can significantly improve the quality of their programs by creating and maintaining a culture of safety, which begins with senior management. A culture of safety starts with making a safe environment a high priority throughout the entire organization, but it should go further. According to the federal Head Start program, a culture of safety means that program managers, staff and families all contribute to an "environment that allows people to speak up about safety concerns. They also make it all right to talk about mistakes and errors, and encourage learning from these events."<sup>22</sup>

While budget considerations may limit how much a day care facility can spend on injury prevention, every facility should nonetheless have a safety program. The elements of a comprehensive safety program include: developing a safety committee, identifying hazards, creating processes and procedures (i.e. background checks, requiring vendor insurance certificates, driver's license checks, etc.), parent/guardian communication, employee selection (i.e. qualifications, licensing, references, etc.), employee training, client screening (medical history, special needs etc.), incident investigation and reporting, emergency preparedness, and safety program monitoring among others.

A well-designed injury prevention program will help to reduce the likelihood and minimize the impact of a serious child injury, but it is not possible to prevent every injury. Accidents happen, which is why it is also important to have a comprehensive insurance program from a carrier who has years of experience in inspecting child day care risks, managing child day care claims, and the expertise to identify and accurately evaluate exposures.

A comprehensive child day care insurance program tailored to a facility's specific exposures and risk management objectives can bring value and positively impact a company's bottom line. Therefore, child day cares should seek a partner with deep expertise in the industry, who is collaborative, has exceptional broker relationships, highly values client relationships and can bring significant overall value to the organization.

<sup>1</sup> ChildCare Aware of America, "We Can Do Better – Child Care Aware of America's Ranking of State Child Care Center Regulations and Oversight 2013 Update," (2013), [http://usa.childcareaware.org/wp-content/uploads/2015/10/wecandobetter\\_2013\\_final\\_april\\_11\\_0.pdf](http://usa.childcareaware.org/wp-content/uploads/2015/10/wecandobetter_2013_final_april_11_0.pdf)

<sup>2</sup> Philip Cohen, University of Maryland, *A briefing paper prepared for the Council for Contemporary Families*, "Family Diversity is the New Normal For America's Children," (September 4, 2014), <https://familyinequality.files.wordpress.com/2014/09/family-diversity-new-normal.pdf>

<sup>3</sup> ChildCare Aware of America, "We Can Do Better – Child Care Aware of America's Ranking of State Child Care Center Regulations and Oversight 2013 Update," (2013), [http://usa.childcareaware.org/wp-content/uploads/2015/01/wecandobetter\\_2013\\_final\\_april\\_11\\_0.pdf](http://usa.childcareaware.org/wp-content/uploads/2015/01/wecandobetter_2013_final_april_11_0.pdf)

<sup>4</sup> Richard Henderson, The U.S. Bureau of Labor Statistics, "Industry employment and output projections to 2020," (2012), <http://www.bls.gov/opub/mlr/2012/01/art4full.pdf>

<sup>5</sup> U.S. Census Bureau, "Demand for Child Care and the Distribution of Child Care Facilities in the United States: 1987 – 2007," [http://www.census.gov/library/working-papers/2013/econ/2013\\_child\\_care.html](http://www.census.gov/library/working-papers/2013/econ/2013_child_care.html)

<sup>6</sup> The White House – Office of the Press Secretary, "FACT SHEET: Helping All Working Families with Young Children Afford Child Care," (January 21, 2015), <https://www.whitehouse.gov/the-press-office/2015/01/21/fact-sheet-helping-all-working-families-young-children-afford-child-care>

<sup>7</sup> Catherine Irwin, Capital News Service, "Unlicensed Child Care: Cheaper, But at What Cost?" (May 23, 2012), <http://cnsmaryland.org/2012/05/23/unlicensed-child-care-cheaper-but-at-what-cost/>

<sup>8</sup> U.S. Department of Health and Human Services, “The NICHD Study of Early Child Care and youth Development – Findings for Children up to Age 41/2 Years,” [https://www.nichd.nih.gov/publications/pubs/documents/seccyd\\_06.pdf](https://www.nichd.nih.gov/publications/pubs/documents/seccyd_06.pdf)

<sup>9</sup> ChildCare Aware of America, “We Can Do Better – Child Care Aware of America’s Ranking of State Child Care Center Regulations and Oversight 2013 Update,” (2013), [http://usa.childcareaware.org/wp-content/uploads/2015/01/wecandobetter\\_2013\\_final\\_april\\_11\\_0.pdf](http://usa.childcareaware.org/wp-content/uploads/2015/01/wecandobetter_2013_final_april_11_0.pdf)

<sup>10</sup> The CDC – National Center for Injury Prevention and Control, “National Action Plan for Child Injury Prevention,” (2012), [http://www.cdc.gov/safecild/pdf/National\\_Action\\_Plan\\_for\\_Child\\_Injury\\_Prevention.pdf](http://www.cdc.gov/safecild/pdf/National_Action_Plan_for_Child_Injury_Prevention.pdf)

<sup>11</sup> Child Safety and Abuse Prevention Programs, “General Child Safety Facts & Statistics,” [http://www.keepyourchildsafe.org/child\\_safety\\_stats.html](http://www.keepyourchildsafe.org/child_safety_stats.html)

<sup>12</sup> The CDC – National Center for Injury Prevention and Control, “National Action Plan for Child Injury Prevention,” (2012), [http://www.cdc.gov/safecild/pdf/National\\_Action\\_Plan\\_for\\_Child\\_Injury\\_Prevention.pdf](http://www.cdc.gov/safecild/pdf/National_Action_Plan_for_Child_Injury_Prevention.pdf)

<sup>13</sup> Jonathan Cohn, New Republic, “The Hell of American Day Care,” (April 16, 2013), <http://www.newrepublic.com/article/112892/hell-american-day-care>

<sup>14</sup> Vollman D, Witsaman R, Comstock RD, et al. (2009) Epidemiology of playground equipment-related injuries to children in the United States, 1996-2005. *Clinical Pediatrics* 48: 66–71.

<sup>15</sup> Safest Playground, Playground Injury Data & Statistics, <http://www.safestplayground.com/stats.html>

<sup>16</sup> ChildCare Aware of America, “We Can Do Better – Child Care Aware of America’s Ranking of State Child Care Center Regulations and Oversight 2013 Update,” (2013), [http://usa.childcareaware.org/wp-content/uploads/2015/01/wecandobetter\\_2013\\_final\\_april\\_11\\_0.pdf](http://usa.childcareaware.org/wp-content/uploads/2015/01/wecandobetter_2013_final_april_11_0.pdf)

<sup>17</sup> Julia Wrigley and Joanna Dreby, American Sociological Association, Press Release, “Day Care Centers are Safest Form of Childcare According to First National Comprehensive Study,” (2005), <http://www.asanet.org/press/20051101.cfm>

<sup>18</sup> David S. Fallis and Amy Brittain, The Washington Post, “Nine Va. Children died in unregulated day care in 2014, the deadliest year in a decade,” (December 30, 2014), [https://www.washingtonpost.com/investigations/nine-va-children-died-in-unregulated-day-care-in-2014-the-deadliest-year-in-a-decade/2014/12/30/bf302040-8161-11e4-81fd-8c4814dfa9d7\\_story.html](https://www.washingtonpost.com/investigations/nine-va-children-died-in-unregulated-day-care-in-2014-the-deadliest-year-in-a-decade/2014/12/30/bf302040-8161-11e4-81fd-8c4814dfa9d7_story.html)

<sup>19</sup> Jonathan Cohn, New Republic, “The Hell of American Day Care,” (April 16, 2013), <http://www.newrepublic.com/article/112892/hell-american-day-care>

<sup>20</sup> National Conference of State Legislatures (NCSL), “2014 CDBG Reauthorization Act: Implications and Opportunities for State Legislatures,” (4/25/2015), <http://www.ncsl.org/research/human-services/2014-ccdbg-reauthorization-act-implications-and-opportunities-for-state-legislatures.aspx>

<sup>21</sup> Child Safety and Abuse Prevention Programs, “General Child Safety Facts & Statistics,” [http://www.keepyourchildsafe.org/child\\_safety\\_stats.html](http://www.keepyourchildsafe.org/child_safety_stats.html)

<sup>22</sup> “Health,” Head Start <http://eclkc.ohs.acf.hhs.gov/hslc/tta-system/health/safety-injury-prevention/culture-of-safety.html>

*Disclaimer:* The information contained in this document has been developed from sources believed to be reliable. However, the accuracy and correctness of such materials and information has not been verified. We make no warranties either expressed or implied nor accept any legal responsibility for the correctness or completeness of this material. This information should not be construed as business, risk management, or legal advice or legal opinion. Compliance with any of the recommendations contained herein in no way guarantees the fulfillment of your obligations as may be required by any local, state or federal laws. Advisen and CapSpecialty, Inc. assumes no responsibility for the discovery and/or elimination of relevant conditions on your property or at your facility.