

*Child Care Industry in
Tennessee and Four Major
Urban Counties*

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Child Care industry defined

Tennessee law defines “child care” as the provision of supervision, protection and, at a minimum, the basic needs of a least five children, who are not related to the primary care givers, for 3 or more hours a day, but less than 24 hours a day.

The official Web site of the Tennessee Department of Human Services
(<http://www.state.tn.us/humanserv/childcare.htm>)

Regulation of Child Care

- Some types of child care must be regulated; other types may operate without a license.
- “Child care centers,” “family child care homes,” “drop-in centers and homes,” and “group care homes” must be licensed.
- There are about 6,500 licensed and regulated child care providers in Tennessee in 2004.

Four Types of Regulated child care providers

- 1. Child care centers** – provide care for 13 or more children. The number and ages of children determine the number of adult staff. The Tennessee Dept. of Human Services (TNDHS) licenses over 3,900 centers which care for over 258,000 children each day.
- 2. Family child care homes** – provide for at least 5 but not more than 7 children. About 1,000 family homes are licensed by TNDHS.

Regulated child care providers (cont'd)

- 3. Group child care homes** – provide care for least 8 but not more than 12 children. Up to 3 school age children may receive care before and after school, on school holidays and snow days and during summer. TNDHS licenses over 800 group care homes.
- 4. Drop-in homes and centers** - provide casual care for no more than 15 children, not to exceed 10 hours per week and not for more than 6 hours per day for any individual child. TNDHS licenses over 780 of these locations.

Unregulated child care

- Examples of child care that does not require licensure –
 - Care provided in a child's own home
 - Programs which operate no more than 2 days a week
 - Occupational child care/teen parenting labs
 - Summer day camps
 - Programs which operate less than 3 hours a day
 - Boys and Girls Clubs
 - Programs which care for four or fewer children
- There are about 5,120 unregulated child care providers receiving state subsidies in Tennessee in 2004.

Child care providers described in this report

- All child care providers licensed by TN Department of Human Services whether they are subsidized by the state or not.
- All child care providers registered with the Tennessee Department of Education.
- Unregulated child care providers who receive state subsidies.

Figure 1 - Child Care Providers in Tennessee and Four Major Urban Counties, 6/1/2003 - 5/31/2004

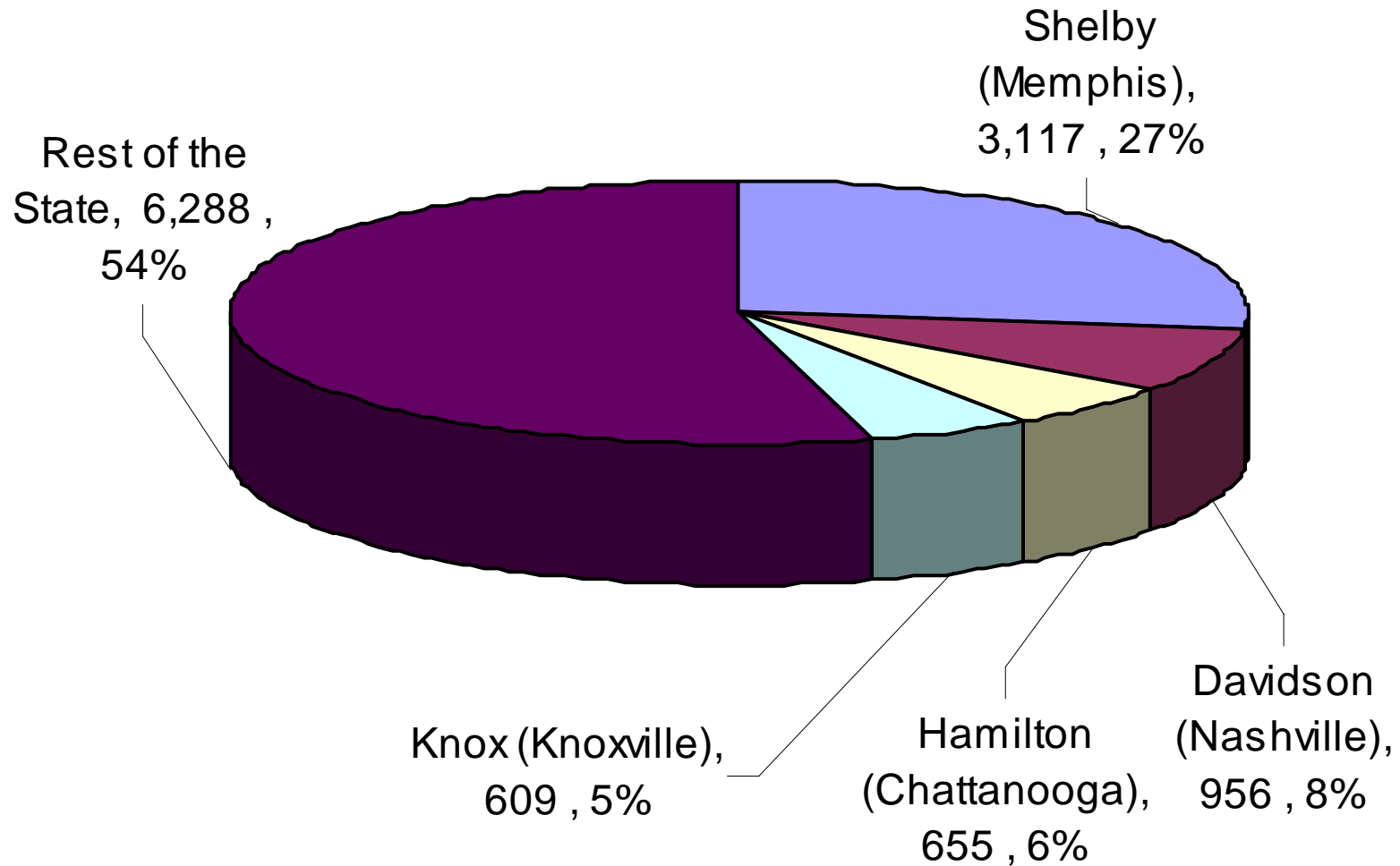


Table 1 - Composition of Child Care Providers in Tennessee and Four Major Urban Counties, 2004

	Tennessee	Shelby (Memphis)	Davidson (Nashville)	Hamilton (Chattanooga)	Knox (Knoxville)
Number of Providers	11,625	3,117	956	655	609
% of TN	100.0%	26.8%	8.2%	5.6%	5.2%
Licensed	6,508	1,244	655	411	420
% of area	56.0%	39.9%	68.5%	62.7%	69.0%
Unregulated	5,117	1,873	301	244	189
% of area	44.0%	60.1%	31.5%	37.3%	31.0%
Centers	3,904	874	409	218	232
% of area	33.6%	28.0%	42.8%	33.3%	38.1%
Family Homes	1,003	321	23	59	56
% of area	8.6%	10.3%	2.4%	9.0%	9.2%
Group Homes	814	10	118	47	35
% of area	7.0%	0.3%	12.3%	7.2%	5.7%
Registered Homes	787	39	105	87	97
% of area	6.8%	1.3%	11.0%	13.3%	15.9%
Homes(Unregulated)	5,117	1873	301	244	189

Figure 2 - Child Care Providers in Tennessee and Four Major Urban Counties by Ownership Type, 6/1/03 - 5/31/04

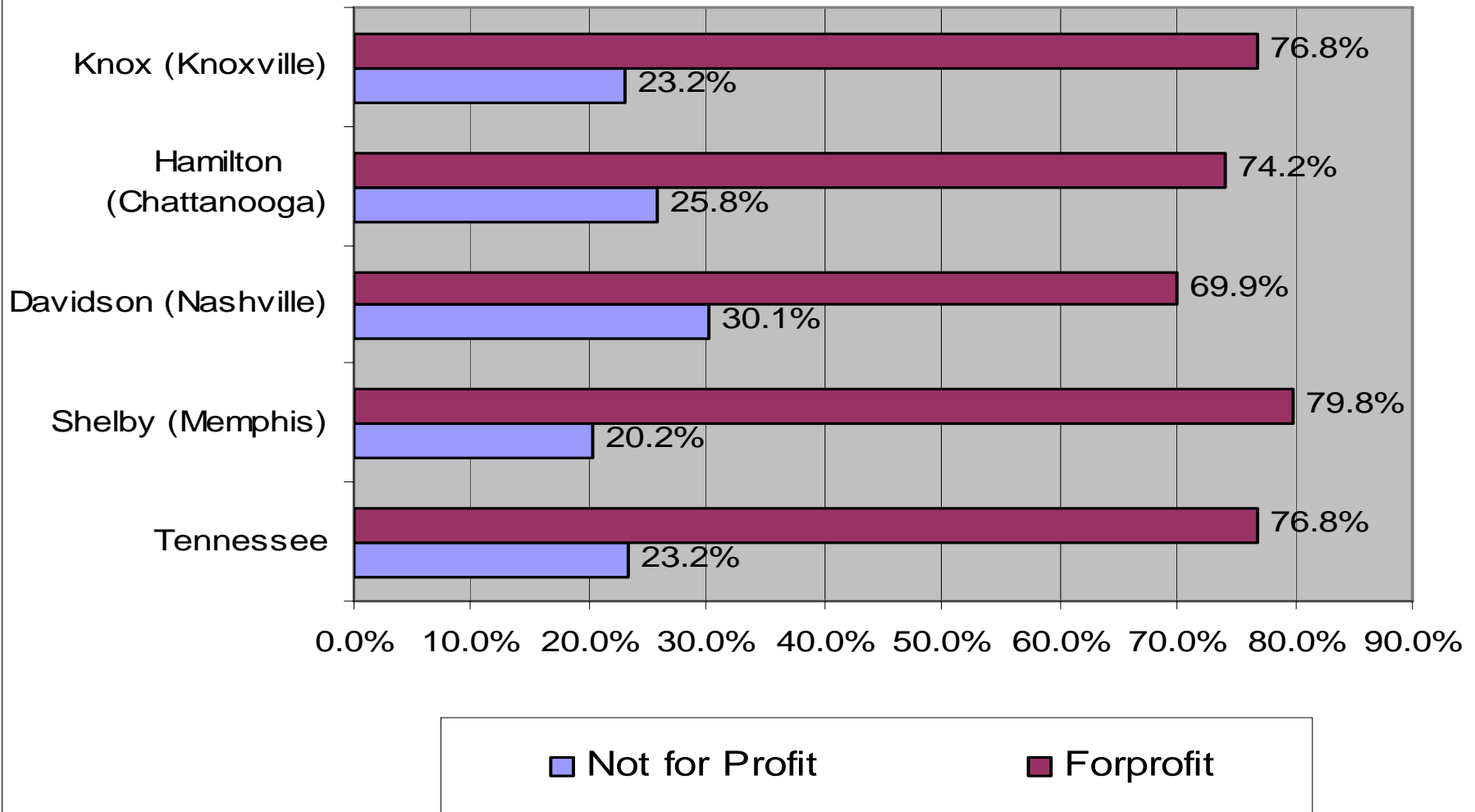


Figure 3 - Faith-Based vs. Non-Faith-Based
Child Care Providers in Tennessee and Four Major Urban
Counties, 6/1/03 - 5/31/04

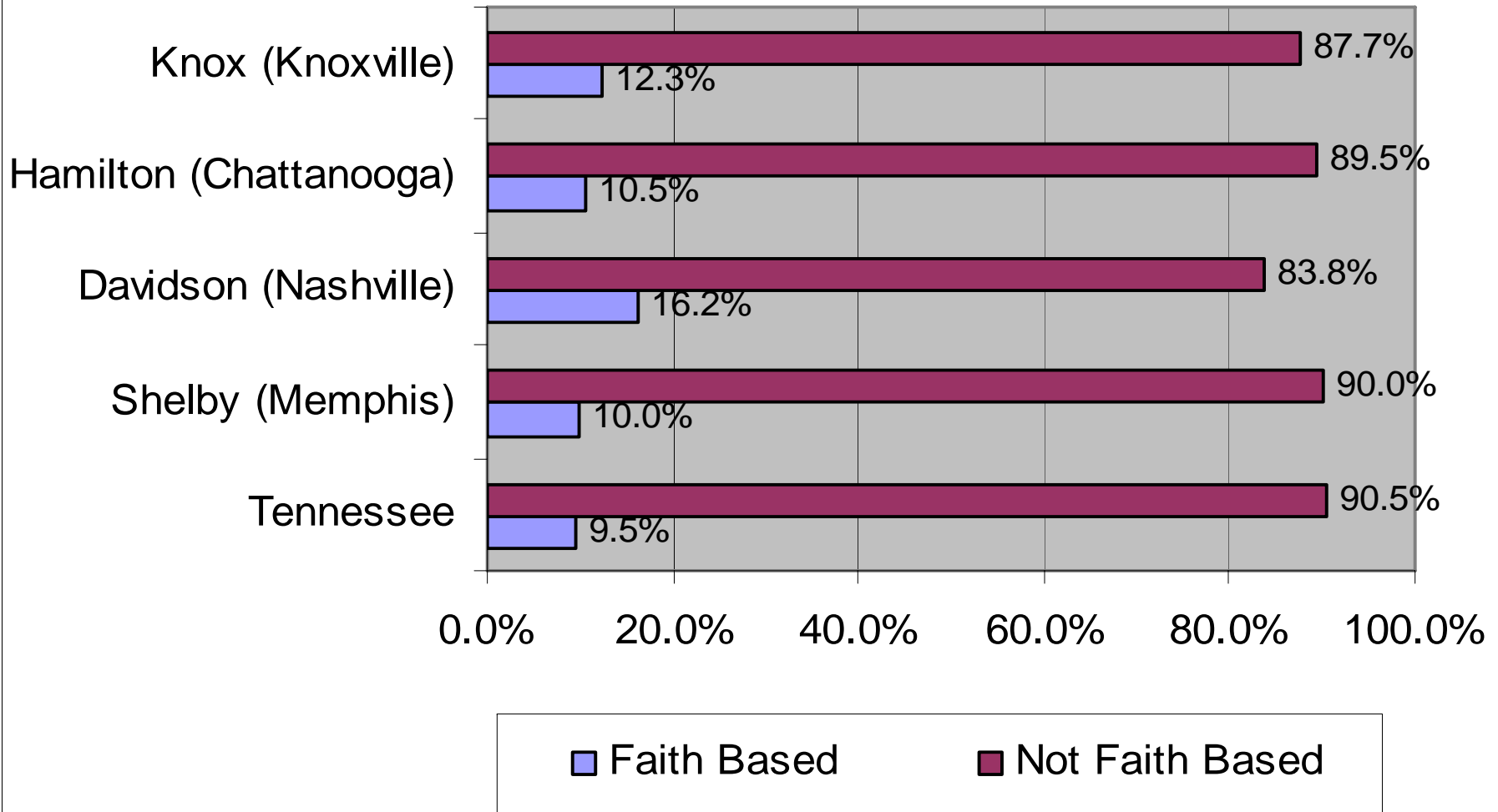


Table 2 - Subsidized Child Care Enrollment in Tennessee and Four Major Urban Counties, 6/1/2003 - 5/31/2004

	Tennessee	Shelby (Memphis)	Davidson (Nashville)	Hamilton (Chattanooga)	Knox (Knoxville)
Regulated Providers					
Child Care Centers	46,210	20,476	5,961	2,829	2,880
Family Homes	3,344	1,934	68	199	275
Group Homes	3,664	90	612	268	321
Drop-In Centers and Homes	2,086	129	252	280	478
Total Regulated Providers	55,304	22,629	6,893	3,576	3,954
% of Total	83.3%	83.8%	91.1%	87.7%	90.4%
Total Unregulated Providers	11,087	4373	672	500	420
% of Total	16.7%	16.2%	8.9%	12.3%	9.6%
Total	66,391	27,002	7,565	4,076	4,374

Table 3 - Unsubsidized Child Care Enrollment in Tennessee and Four Major Urban Counties, 6/1/2003 - 5/31/2004

	Tennessee	Shelby (Memphis)	Davidson (Nashville)	Hamilton (Chattanooga)	Knox (Knoxville)
Regulated Providers					
Child Care Centers	212,185	48,714	25,799	14,516	19,044
Family Homes	4,217	1,376	77	182	157
Group Homes	6,543	81	770	184	147
Drop-In Centers and Homes	1,409	98	157	85	118
Total Regulated Providers	224,354	50,269	26,803	14,967	19,466
% of Total	100.0%	100.0%	100.0%	100.0%	100.0%
Total Unregulated Providers*	N/A	N/A	N/A	N/A	N/A
% of Total	N/A	N/A	N/A	N/A	N/A
Total	224,355	50,269	26,803	14,967	19,466

* Unregulated providers are not required to report unsubsidized enrollment.

Table 4 – Analysis of Child Care Enrollment in Tennessee and Four Major Urban Counties, 6/1/03 - 5/31/04

	Tennessee	Shelby (Memphis)	Davidson (Nashville)	Hamilton (Chattanooga)	Knox (Knoxville)
Total enrollment	290,745	77,271	34,368	19,043	23,840
% of TN	100.0%	26.6%	11.8%	6.5%	8.2%
Total providers	11,625	3,117	956	655	609
% of TN	100.0%	26.8%	8.2%	5.6%	5.2%
Avg. enrollment per provider	25	25	36	29	39
Youths, 12 or younger	1,010,580	185,354	93,891	51,199	61,802
% of TN	100.0%	18.3%	9.3%	5.1%	6.1%
Providers per 1,000 youths	11.5	16.8	10.2	12.8	9.9
Percent of youth 14 or younger enrolled	28.8%	41.7%	36.6%	37.2%	38.6%
Enrollment at regulated providers	279,658	72,898	33,696	18,543	23,419

Figure 4 - Total Child Care Subsidy Payments in Tennessee and Four Major Urban Counties, 6/1/2003 - 5/31/2004

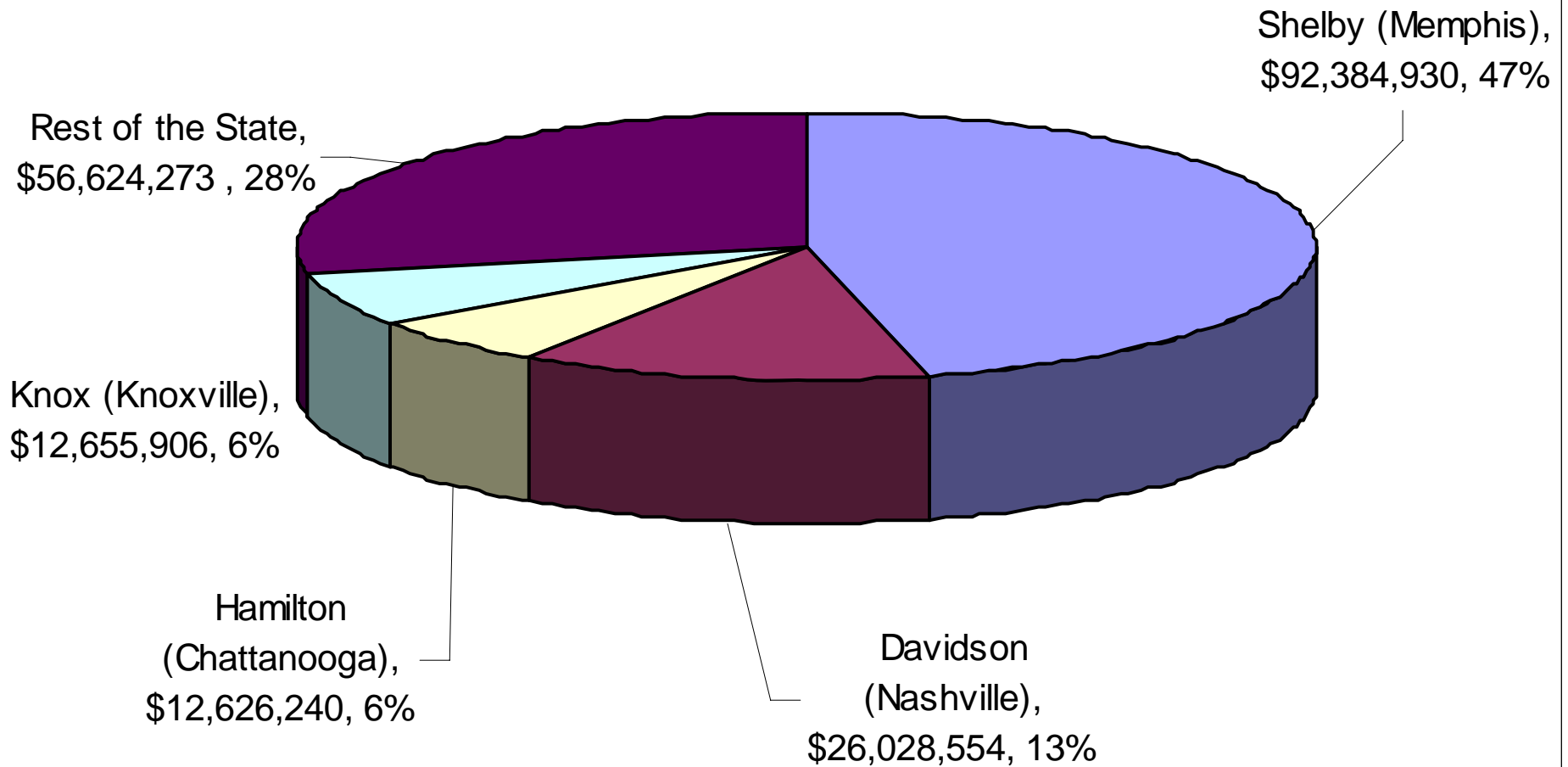


Table 5 - Subsidies to Child Care Providers in Tennessee and Four Major Urban Counties, 6/1/03 - 5/31/04

	Tennessee	Shelby (Memphis)	Davidson (Nashville)	Hamilton (Chattanooga)	Knox (Knoxville)
All providers	11,625	3,117	956	655	609
Subsidized providers	8,679	2,656	655	500	478
% of providers subsidized	74.7%	85.2%	68.5%	76.3%	78.5%
Total subsidized and unsubsidized enrollment	290,745	77,271	34,368	19,043	23,840
Total subsidized enrollment	66,391	27,002	7,565	4,076	4,374
% of enrollment subsidized	22.8%	34.9%	22.0%	21.4%	18.3%
Total subsidies including bonus payments	\$200,319,903	\$92,384,930	\$26,028,554	\$12,626,240	\$12,655,906
Total copayments	\$10,562,411	\$3,446,743	\$1,174,795	\$505,287	\$777,534
Total receipts from subsidized enrollment	\$210,882,314	\$95,831,673	\$27,203,349	\$13,131,527	\$13,433,440
Subsidy per provider	\$23,081	\$34,783	\$39,738	\$25,252	\$26,477
Subsidy per subsidized child	\$3,017	\$3,421	\$3,441	\$3,098	\$2,893
Copayment per subsidized child	\$159	\$128	\$155	\$124	\$178
Copayments/(Subsidies+Copayments)	5.0%	3.6%	4.3%	3.8%	5.8%

Table 6 – Revenues of All Child Care Providers by Source,
6/1/03 – 5/31/04

	Tennessee	Shelby (Memphis)	Davidson (Nashville)	Hamilton (Chattanooga)	Knox (Knoxville)
Subsidized enrollment					
State subsidies	\$ 181,325,010	\$ 84,335,159	\$ 23,347,510	\$ 11,453,069	\$ 11,219,569
Co-payments from parents	\$ 10,562,411	\$ 3,446,743	\$ 1,174,795	\$ 505,287	\$ 777,534
Bonus payments from the State	\$ 18,994,893	\$ 8,049,771	\$ 2,681,044	\$ 1,173,171	\$ 1,436,337
Total	\$ 210,882,314	\$ 95,831,673	\$ 27,203,349	\$ 13,131,527	\$ 13,433,440
Unsubsidized enrollment	\$ 960,572,028	\$ 217,085,569	\$115,811,489	\$ 64,674,726	\$ 84,188,648
Total Revenues	\$1,171,454,342	\$312,917,242	\$143,014,838	\$77,806,253	\$97,622,088

Table 7 – Star Rating of Child Care Providers, 6/1/03 – 5/31/04

	Tennessee	Shelby (Memphis)	Davidson (Nashville)	Hamilton (Chattanooga)	Knox (Knoxville)
All Providers					
0 stars	12.8%	17.0%	11.8%	8.8%	12.6%
1 star	1.8%	1.3%	2.3%	2.2%	0.2%
2 stars	13.5%	13.1%	15.0%	13.1%	12.1%
3 stars	24.9%	22.4%	28.4%	24.6%	31.2%
Not Eligible	3.0%	4.1%	0.9%	4.6%	0.0%
Not Evaluated	44.0%	42.0%	41.7%	46.7%	43.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Subsidized					
0 stars	16.4%	22.1%	15.3%	11.7%	13.5%
1 star	2.1%	1.5%	2.8%	2.3%	0.3%
2 stars	16.7%	16.6%	17.8%	16.4%	10.4%
3 stars	26.3%	27.1%	30.8%	27.7%	32.2%
Not Eligible	3.8%	5.9%	1.1%	5.5%	0.0%
Not Evaluated	34.6%	26.8%	32.2%	36.3%	43.9%
Total	100.0%	100.0%	100.0%	100.0%	100.3%
Unsubsidized					
0 stars	8.5%	8.5%	7.6%	3.9%	10.7%
1 star	1.4%	0.9%	1.7%	1.9%	0.8%
2 stars	9.7%	7.2%	11.6%	7.7%	16.0%
3 stars	23.2%	14.5%	25.6%	19.4%	29.0%
Not Eligible	2.0%	1.1%	0.7%	3.2%	0.0%
Not Evaluated	55.3%	67.9%	52.8%	63.9%	43.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%