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## **Low-Income Families Losing Ground Under Child Care Assistance Policies in Kentucky**

**Jeffersontown, KY** - Families in Kentucky are worse off based on four of five key child care assistance policies, according to a report released today by the National Women's Law Center (NWLC). Child care, which helps children, families, and communities prosper, comes at a high price, and many families are relying on child care assistance programs during our tough economic times. But, Kentucky's families are vulnerable to losing ground due to federal budget cuts and the end of the American Recovery and Reinvestment Act support.

NWLC's state-by-state report, [State Child Care Assistance Policies 2011: Reduced Support For Families in Challenging Times](#) (pdf), examines the impact of five critical policies that determine the affordability, accessibility, and quality of assistance in each state: eligibility for parents searching for a job, income eligibility, copayments required of parents receiving assistance, reimbursement rates for child care providers, and waiting lists for assistance.

"Families in Kentucky are feeling the effects of the cuts to child care assistance in real ways every day. They have less support to be active in the workforce, and their children have fewer opportunities to learn and grow in areas that will help them succeed in school and life," said Terry Brooks, executive director of Kentucky Youth Advocates.

"When we fail to assist families in keeping their children safe and in quality settings while they work, the damage hits many pieces of our community. Clearly children lose opportunities to learn at a particularly important time in their lives. Moreover, the community's economic climate is hurt as parental work opportunities are hampered and the 'high price of being poor' in Kentucky escalates as an ever higher percentage of a working family's budget goes to child care. It creates a difficult cycle in which families can't afford child care, preventing them from seeking employment or keeping their current jobs."

Key findings over the past decade for Kentucky include:

- **Kentucky parents searching for a job are not eligible for child care assistance:** In 2011, child care assistance was available for Kentucky families for four weeks after losing a job, however they were not eligible to sign up for assistance while searching for a job. This is important as the assistance allows parents who are searching for work to hold onto child care until they secure a job. It also eases the demands and stress of the job search, while helping to ensure a smooth transition for both the parent and child once the parent starts a new job.
- **Kentucky income eligibility limits have not kept pace with inflation:** A family's ability to obtain child care assistance depends primarily on a state's criteria for income eligibility. Between 2001

and 2011 in Kentucky, the income eligibility limit for a family of three increased from \$24,140 to \$27,468; however this was not sufficient to keep pace with inflation, so the income limit was lower as a percentage of the federal poverty level in 2011 (148 percent of poverty) than in 2001 (165 percent of poverty). Child care is one of the largest expenses for working families and best safeguards to ensure that families have the supports they need. The changing eligibility standards only add to the cost of being poor in the Commonwealth and will only deepen the impact of the recession on families.

- **Copayments have increased in Kentucky:** Copayment levels determine whether low-income families who receive child care assistance face significant out-of-pocket costs for care. Most states require that families contribute to their child care costs based on a sliding scale, which is designed to secure progressively higher copayments from families at higher income levels. Co-payments increased for Kentucky families over the past decade and in the last year. For example, a family earning 150 percent of poverty saw their copayments increase by \$91 from 2001 to 2011, meaning families are continuing to pay higher out-of-pocket costs as economic times continue to challenge families.
- **Reimbursement rates for Kentucky providers are lower than cost of care:** Kentucky determines the state's reimbursement rates for child care providers who serve families receiving child care assistance. Federal regulations recommend that providers are reimbursed at the 75 percent of the current market rate, which gives low-income families access to 75 percent of the providers in their community. Kentucky's rate of reimbursement is only 68 percent of the 2005 market rates – well below the actual cost of care. In Kentucky, the provider is allowed to charge low-income parents to make up the difference. Low rates undermine providers' ability to maintain their business, attract and retain qualified staff, and provide the equipment and materials that children need during the most formative years of their life. When reimbursement rates fall short, providers operate without the necessary resources to offer high-quality care, and some providers may decide to stop serving families who receive child care assistance.
- **Kentucky is currently meeting demand:** There is currently no waiting list for child care assistance in Kentucky. While Kentucky is in a better position than some states in this area, it is crucial that decision-makers prevent a waiting list from becoming a reality. In many states, not all families eligible for child care assistance are able to secure it. Some families are placed on a waiting list for several months before receiving assistance, while others remain on the list indefinitely and never receive financial help. Families on the waiting list are left with difficult choices -- some are forced to resort to low-quality child care, and some are not able to pay for any child care at all, making it difficult or impossible for them to find or keep a job.

Advocates for low-income families and children believe that bi-partisan solutions to improve the access and quality of child care are achievable within the state's budget constraints, including the following:

- Increase reimbursement rates for child care providers so that more low-income children have access to quality child care.

- Decrease the income eligibility level at which families can sign up for assistance, and offer assistance to parents who are searching for work.
- Make the state Child and Dependent Care Tax Credit refundable so that Kentucky’s working families with the highest child care costs relative to their income can receive the full value of the credit

“This is a classic case in which we can be smart and invest on the front-end or waste our time being penny-wise and pound-foolish. Thoughtful child care investments are vital for children to be sure. But a thoughtful and appropriately funded commitment to child care from Frankfort is also a proven investment in working families and businesses,” said Brooks. “This is one of those important points where the interests of the business community and the most vulnerable of Kentucky families coincide.”

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*[Kentucky Youth Advocates](#) is a non-partisan, non-profit children's advocacy organization. KYA represents a voice for Kentucky's most precious asset – its youth. We believe that Kentucky's youth deserve the opportunities and resources necessary to ensure their productive development and health.*