

March 24, 2020

Dear Honorable Members of the Kentucky House and Senate Conference Committee on House Bill 352:

In this time of crisis, the steadfast leadership of policymakers in Frankfort has kept our children at the center of response efforts. We deeply appreciate this commitment and know it will continue, as all except a designated few of Kentucky's 2,442 child care centers close. But as we implement immediate relief measures, we must also ensure the Commonwealth's biennial budget reflects the longer-term investments needed for children, families, and communities to recover.

This moment has illuminated the full extent to which our state's health, safety, security, and economy depend on child care. It has also laid bare the significant challenges the child care sector already faces:

- Kentucky lost 45% of its child care centers from 2013—the year the state temporarily halted Child Care Assistance Program enrollment in the wake of the Great Recession—to 2019. The downward trend continues each year.
- Half of all Kentucky families live in child care deserts, areas either without child care providers or an insufficient number of child care slots.
- In 2016, more than 30,000 Kentucky parents quit a job, did not take a job, or modified their job due to lack of access to child care.

Now, we face a stark new reality. The temporary shutdown of child care centers will result in permanent closure for many. In a survey of child care centers conducted during the past week, 25% of Kentucky respondents indicated that they will not survive a closure of more than two weeks without significant public support that would allow them to compensate and retain staff, pay rent, and cover other fixed costs like insurance. Another 17% won't survive a closure of any period. Insights from our Child Care Resource & Referral agencies indicate that the impact in urban areas may be far worse, with the majority of centers unable to reopen after a two-week closure.

Though centers that participate in the Child Care Assistance Program (CCAP) will continue to receive subsidy payments during the emergency closure, those funds will not sufficiently cover all critical costs. We will lose many of these centers, as well.

With the biennial budget, we must stabilize as many existing centers as possible and—knowing that we are poised to lose a significant portion of those currently operating—provide a survivable environment for others. We cannot support communities in the aftermath of crisis without child care, and we cannot maintain that infrastructure without the following investments:

- Primarily, increasing Child Care Assistance Program (CCAP) reimbursement rates and incentives for serving infants, toddlers, and young children in high-quality child care centers and family care settings.
- Secondly, increase eligibility for CCAP to 200% of federal poverty level.

It's critical to understand that increasing eligibility alone will not result in more children in care. Current reimbursement rates are less than half of market rate, making it difficult to keep doors open while accepting more qualifying children. Centers need funds to pay for more staff, supplies, and space.

We are grateful that policymakers are leveraging every available tool to support families. Increased CCAP investment in the biennial budget is one of the most powerful. We stand at the ready to provide additional research and lived realities as budget deliberations continue.

Thank you for your consideration,



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