



THE CHILD CARE CLIFF

CHILD CARE IS CRITICAL TO THE LABOR FORCE

Most working adults in Kentucky are parents and over a third of Kentucky parents have children under age 6. In 2021, 13% of Kentucky caregivers with young children were forced to leave or change jobs because of challenges with child care. **These workforce losses cost Kentucky an estimated \$1.2 billion in economic activity annually.**

CHILD CARE IS HARD TO FIND

More than half of Kentucky is a child care desert. There are typically 3+ children competing for a single available child care slot, and some areas have no child care available at all. Even with the recent additional support, **Kentucky still lost 46% of its child care providers** in the course of the last decade.

CHILD CARE IS NOT AFFORDABLE

The average cost for full-time toddler care in Kentucky is \$8,890 -- **17% of the state median income**. Full-time tuition at Eastern Kentucky University is \$9,544 per year. Most parents facing child care costs are younger and have not yet reached their full earning potential.

LOW WAGES CONTRIBUTE TO STAFFING SHORTAGES

The average child care center employee makes \$12 per hour, making it difficult for centers to compete with higher wage retail and fast food establishments. Even with state and federal funding support to help centers raise wages, many centers continue to be understaffed. In a recent survey of 500 child care providers in 94 Kentucky counties, **68% would be able to increase capacity if they were fully staffed, 23% by as many as 50 children.**

ENHANCED FEDERAL FUNDS FOR KENTUCKY FAMILIES & CHILD CARE CENTERS

FULLY EXPIRE SEPTEMBER 2024



NOW CHILD CARE CENTERS ARE FACED WITH THESE DECISIONS:

- CUTTING WAGES OR STAFF
- RAISING TUITION
- CLOSING THEIR DOORS

90% OF BRAIN DEVELOPMENT HAPPENS BEFORE AGE FIVE

High quality, affordable child care is critical to improving kindergarten readiness, increasing reading levels, and ensuring early developmental and behavioral interventions for children. Kids who have access to early childhood education also increase educational attainment, earnings, and health over their lifespan while reducing the risk of neglect, disability, and incarceration.

CHILD CARE IS AN INVESTMENT WITH BIG RETURNS

For every \$1 dollar spent, between \$4 and \$9 dollars are returned to the economy.

Families with access to high quality, affordable child care are able to work and increase their earning potential.



FEDERAL FUNDING HAS KEPT KENTUCKY'S CHILD CARE INDUSTRY AFLOAT

Between 2020 and 2024, **over \$1 billion** in federal funding has kept half of Kentucky's child care centers from closing.

THE FUNDS:

- Boosted existing Child Care and Development Block Grant (CCDBG), allowing Kentucky to help offset costs for both child care centers and caregivers.
- Expanded eligibility for the Child Care Assistance Program (CCAP) to 85% of the state median income, offer grants to increase the number of child care centers, provide child care workers scholarships to earn higher credentials; enrollment is still low relative to eligibility because of lack of capacity
- Increased worker daily wages to keep more kids in care and address workforce shortages.

41K

Without intervention, **41,409 children** in Kentucky are expected to lose their child care as a result of the stabilization cliff

544 child care programs are projected to close - making it even harder for families to find safe, nurturing child care options

554

92M

Kentucky parents will lose **\$92 million** in earnings as a result of being forced to cut work hours or leave the workforce

SUSTAINING KENTUCKY'S CURRENT
CHILD CARE CAPACITY
WOULD REQUIRE
AN INVESTMENT OF
\$330 MILLION PER YEAR
WHICH IS ABOUT
\$2,000 PER CHILD CURRENTLY IN CARE

THE GENERAL ASSEMBLY MUST PREVENT CHILD CARE FROM COLLAPSING

Our proposed solution is similar to SEEK funding. These funds should go directly to child care centers who will be required to maintain the state rate schedule, inclusive of co-pays. We recommend \$100 million additional investment go into services currently covered by the CCDBG Block Grant to build child care capacity.

The investment of \$430 million prevents our child care from collapse, but leaves 60% of Kentucky counties child care deserts. To continue the growth in child care capacity, legislators should consider policies that support entrepreneurship, incentivize employer participation, promote the building of new centers, and increase capacity through additional funding.

