

# Attention Nonprofits: Kentucky House Bill 499 Offers Opportunity to Boost Employee Retention & Recruitment



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Recently signed into law by Kentucky Governor Andy Beshear, House Bill 499 establishes a statewide Employee Child Care Assistance Partnership to help working families afford the high cost of child care.

Expected to begin in July 2023, the partnership provides state funds to match employer-provided child care benefits. So if an employer contributes \$400 a month toward their employee's child care expenses, the state will contribute up to \$400 of additional reimbursement, provided that program requirements have been met.

With annual child care costs in Kentucky totaling as much as [\\$11,000 for a single infant](#), many parents are forced to choose between their kids and their careers. More than 50,000 respondents in a recent survey cited child care as a key reason for leaving the state workforce.

House Bill 499 addresses this situation in two ways: by substantially increasing the child care assistance going to parents each month and by creating an incentive for employers to offer (or increase) a childcare benefit. More money for child care will also, with time, help to improve and expand daycare offerings throughout the state.

Passed with broad public support and near unanimous legislator approval, this legislation is a big deal for working families. But it's also important for their employers – especially at nonprofits.

## How Child Care Costs Hurt the Nonprofit Workforce

Research suggests that nonprofit employees earn as much as [8% less](#) than people in similar roles at for-profit companies. The reasons why are debatable. The result, however, is that child care costs put extra economic pressure on the nonprofit workforce. Many people leave nonprofits rather than see their wages consumed by daycare bills. Talented people avoid nonprofit jobs for the same reason.

Child care costs have become such an urgent issue for mission-driven organizations that the National Council of Nonprofits wrote a letter to the Senate encouraging federal action to cut costs. In that letter, they raise the alarm about widespread labor shortages and hiring challenges throughout nonprofits, citing the two leading causes as salary competition and child care.

What Congress will do remains to be seen. In Kentucky, however, the passage of House Bill 499 gives nonprofits the power to address both those issues at once – and retain or recruit great talent in the process.

## Offering Relief to Nonprofit Workers

The economic realities at nonprofits make it difficult (or impossible) to substantially raise salaries and retain the amazing contributions of young working parents. By offering child care assistance rather than raises, nonprofits can address a major source of stress for their employees while potentially doubling the monetary impact of the benefit. It's a clear win for everyone at nonprofits.

The nonprofit team at [Dean Dorton](#) has been closely monitoring the changing relief opportunities available to nonprofit organizations in these volatile times. We are here to provide consultation, collaboration, or confirmation as needed in your journey.

[Contact us](#) and we will add you to our email list for regular updates about nonprofit accounting in and around Kentucky.

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