

**Press Release
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CLASS ACTION LAW SUIT FILED CHALLENGING CHILD CARE SUBSIDY CUT-OFF OF THOUSANDS OF LOW-INCOME NEBRASKA CHILDREN SET FOR JULY 1

A class action law suit challenging a cut-off of child care subsidies for thousands of low-income families across Nebraska scheduled for July 1 was filed late Wednesday by the Welfare Due Process Project of the Nebraska Appleseed Center for Law in the Public Interest. The law suit was filed on behalf of a class represented by plaintiffs Kendra Johnsen and Jamie Longwell of Lincoln and Jamie Koch of Scottsbluff. A hearing on the parties request for an injunction is pending.

This scheduled cut-off in child care subsidies will have devastating effects on at least 1,000 low-income working families and 1,500 children throughout the state. Each of the plaintiffs are low-income working parents who, due to this scheduled cut-off, will see their monthly costs for child care explode. For example, Ms. Longwell will face an increase of between \$606 and \$861 per month in her child care costs, Ms. Johnsen will face an increase of \$585, and Ms. Koch will face an increase of \$388 per month.

Without a child care subsidy from the state, these working families will be forced into desperate situations, facing homelessness, and dangerous and inadequate care for their children. Many families may be forced to stop working and turn to other welfare programs, such as the cash assistance program, just to once again get the child care their children need and deserve. These families must already stretch every dollar; eliminating the child care subsidy makes it impossible for them to make ends meet. For example, without a child care subsidy, this summer Ms. Longwell will have only \$49.00 left after paying her child care expenses to pay her rent, utilities, auto insurance, gasoline, clothing, out of pocket medical expenses, and groceries.

The law suit seeks to stop a change in regulations put forward by the Nebraska Department of Health and Human Services. The regulation would take away eligibility for child care subsidies for working families with income between 120% and 185% of the federal poverty level and who have not received cash welfare assistance in the past 24 months. Child care eligibility will remain for families transitioning from receiving welfare cash assistance and having income up to 185% of the federal poverty level- families in an identical financial situation as the families losing their subsidies.

“This cut-off of eligibility is unlawful for several reasons, and should be stopped,” said Becky Gould, staff attorney with the Welfare Due Process Project. “Health and Human Services is trying to use a line item veto of a budget appropriation for child care subsidies as authority to make a major policy change not directed by the Nebraska Legislature. They can’t do this. Plus, it is unconstitutional to take away subsidies for these families while keeping them for families in an identical low-income situation. We also allege violations of the constitutional due process

rights of these families, which occurred while the state agency tried to put the cut-off into effect.”

“The cut-off also stands welfare reform on its head,” said Milo Mumgaard, Executive Director of the Nebraska Appleseed Center for Law in the Public Interest. “It represents a breach of faith with low-income families who are seeking to attain economic self-sufficiency through employment but are still too poor to fully afford decent child care for their children. This is forcing them into the ‘choice’ of either continuing to work at their low-wage jobs and putting their children into potentially dangerous and risky child care arrangements, or quitting their jobs and going back on the cash assistance welfare rolls to become eligible for subsidized child care.”

The lawsuit seeks to enforce the continuing eligibility for subsidies for child care for those families across Nebraska plaintiffs, not make the state spend money it does not have.

“The Plaintiffs fully understand the budget issues and constraints facing the State of Nebraska,” said Gould. “And in correspondence and interaction with state officials, no other reason for this change has been given other than the State of Nebraska’s budget difficulties. Nevertheless, the Plaintiffs are only trying to retain eligibility for child care program subsidies that the Governor unlawfully seeks to take away. The Governor and state officials have many other lawful alternatives to stretch the state’s limited child care resources other than this unlawful elimination of eligibility for these many Nebraska families- such as changes in copayments and rates paid to child care providers.”

“Indeed, it is hardly cost-effective to go from relatively inexpensive partial child care subsidy assistance for 1,000 families and replace it with far more expensive cash assistance for these same families along with full child care costs,” said Mumgaard. “Already, Nebraska’s welfare rolls are increasing due to the weaknesses in the economy. This change would make this trend worse, costing taxpayers many thousands of dollars more than if this eligibility change were not implemented.”

“The eligibility change will also place Nebraska at the bottom nationwide for certain eligibility standards for child care subsidies,” continued Mumgaard, “hardly something Nebraskans can or should be proud of.”

The lawsuit seeks a certification of the class, a declaration that the line item veto and rule are invalid, a declaration that the action is unconstitutional and constitutional rights were violated, and an injunction requiring the Defendants to continue child care subsidy eligibility for the class after July 1.

The Defendants are the State of Nebraska, Governor Mike Johanns, Attorney General Don Stenberg, the Nebraska Department of Health and Human Services, and Ron Ross, Director of Health and Human Services, who is responsible for the administration and supervision of the child care subsidy programs in Nebraska.

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Attached: Class action petition with attachments