



2017 Early Childhood Policy Highlights

105th NEBRASKA LEGISLATURE ♦ FIRST SESSION



The first session of Nebraska's 105th Legislature, which adjourned *Sine Die* on Tuesday, May 23, was unlike almost any before it. Throughout four-and-a-half months of debate, state legislators tackled many important issues and introduced nearly 700 bills, but the session was dominated by efforts to achieve a balanced budget despite significant revenue shortfalls.

First Five Nebraska approached the 2017 legislative session with the objective of protecting existing state investments in early care and learning opportunities. Despite significant cuts to state agencies and programs, the Legislature upheld its commitment to high-quality early childhood initiatives, which saw a modest increase over the previous two fiscal years.

We are grateful that our policymakers continue to recognize early childhood as common ground for bipartisan agreement. Nevertheless, we are also acutely aware that Nebraska will continue to face serious fiscal challenges in the years ahead. First Five Nebraska is prepared to work closely with policymakers to develop legislation that promotes successful academic and lifelong outcomes for young Nebraskans while upholding our commitment to fiscal responsibility and good stewardship.

We are happy to present our report on bills First Five Nebraska identified as high-priority items during the 2017 legislative session. You will find a complete report of bill statuses on the First Five Nebraska website, among other information related to early childhood policy in Nebraska.

There is clearly still much to be done to improve the developmental outcomes of tomorrow's students, workers and citizens. I hope you will continue to be a part of our efforts to change public policy by changing the public conversation for Nebraska's youngest children.

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LB22: Across-the-Board Cuts to Current Fiscal Year Budget

Introduced at the request of Governor Ricketts, LB22 set forth reduced appropriations for the current biennium to address the state's budget shortfall (FY2015-16). The bill called for a 4% across-the-board cut to all state spending.

The bill passed on final reading with a vote of 42-3-3 and was signed by the Governor on February 15.

■ [First Five Nebraska's written testimony on LB22](#)

LB233: School Readiness Tax Credits Preserved

In pursuit of cost savings to close the state's \$1 billion shortfall, state senators considered legislation (LB233/AM707) that would have delayed the implementation of the School Readiness Tax Credit Act for two years.

The School Readiness Tax Credit Act is designed to assist the early childhood workforce in closing the achievement gap before children enter the K-12 system. The program helps existing quality programs stabilize their budgets, allowing them to serve more children at risk of failing in school. It better enables early childhood programs and staff to improve children's academic preparedness and outcomes through professional development incentives.

The School Readiness Tax Credit Act offers: (1) a non-refundable credit for programs that serve children at risk and offer the level of quality known to narrow the achievement gap, and (2) a refundable credit for individuals working in the early childhood field.

The Revenue Committee decided against moving forward with LB233 and AM707 after hearing compelling testimony from advocates and service providers who would have been directly affected by a delay in the School Readiness Tax Credit Act. Implementation of the Act remains on schedule, but some technical adjustments remain.

LB327: Mainline Budget Bill

Introduced by Speaker Scheer at the request of the Governor, LB327 was the mainline budget bill appropriating funds for state government over FY2017-18 and FY2018-19. While the budgetary shortfall drove significant cuts to state agencies and programs, the state's commitment to high-quality early childhood initiatives actually increased by \$148,386 over the previous two fiscal years through *Step Up to Quality*.

Economic forecasts suggest the state is likely to continue facing uncertain fiscal circumstances in the coming biennium. Funding cuts will very likely continue to be a major obstacle to delivering quality early care and learning opportunities for Nebraska's children at risk. Our task will be to ensure legislators understand the importance of quality early childhood commitments to the long-term economic well-being of the state.

■ [First Five Nebraska's written testimony on LB327](#)

LB335: Child Care Subsidy Provider Rates

On May 11, the Legislature passed LB335 on final reading with a vote of 42-0-2. The bill was signed by the Governor the following day. As introduced, the bill was intended to capture cost savings by freezing the biennial adjustment in reimbursement rates for providers serving children through the child care subsidy. However, Senators Krist and Howard were successful in amending the bill to establish floors on the reimbursement rates over the biennium. Their amendments ensure reimbursements may not fall below the 50th percentile of the Market Rate Survey for FY2017-18, or below the 60th percentile for FY 2018-19.

The Nebraska child care subsidy is a significant public investment amounting to approximately \$90 million in state and federal funds each year. However, freezing provider rates won't provide a long-term solution to either the budget or to closing the achievement gap for children at risk. First Five Nebraska will continue

our work with state agencies, child care providers, the business community and other partners in ensuring these dollars are being used to purchase the caliber of services known to promote the developmental outcomes of young children at risk.

We are exploring ways of modeling the costs of high-quality child care with the goal of using this data to set reimbursement rates that reflect the level of quality delivered by child care providers. We believe this methodology can offer a cost-neutral way to address limitations of the current Market Rate Survey model and deliver a higher level of fiscal accountability for our state's investment in subsidized child care.

- [First Five Nebraska's written testimony on LB335](#)
- [Nebraska Child Care Subsidy Rates](#)

Focusing our attention upstream (in quality early care and learning) increases the efficiency of our public education dollars, strengthens the state's talent pipeline, triggers savings to overburdened public systems and drives continuous economic growth...

It is worth remembering that we will hold these children responsible for growing cohesive, vibrant families and communities, and enhancing the quality of life of all Nebraskans in the decades ahead. They are well worth the investment.

—*First Five Nebraska Testimony on LB327*

LB427: Helping Pregnant and Parenting Students Complete High School

Signed into law on May 8 by Governor Ricketts, LB427 allows for accommodations to enable pregnant and parenting students to complete their high school education and encourage schools to recommend child care providers at Step 3 or higher in the state's *Step Up to Quality* system.

Children whose parents have limited educational attainment or are younger than 18 years of age are known to face risks to their developmental outcomes or preparedness for the K-12 system. Young parents often lack the experience or practical knowledge necessary to successfully guide a young child's early learning and development without help. Ensuring that young parents are well-educated and informed about quality child care settings helps them become more capable providers for their own families and raise more successful, productive students and citizens.

- [First Five Nebraska's written testimony on LB428](#) (provisions of which were amended into LB427)

LB484: School Financing Commission

LB484, introduced by Senator Kolowski, creates a 20-member commission tasked with conducting an in-depth review of public school financing. The commission would examine income and sales tax among additional funding mechanisms used in other states. The commission also would address financial considerations related to school quality and performance, preschool service expansion, college and career readiness programs and the educational needs of students living in poverty with limited proficiency in English.

LB484 remains on general file until the Legislature reconvenes in January 2018.

LB521: Adjusted Weighting in State Aid Formula for 4-Year-Olds

LB521, introduced by Senator Walz, increases the weighting for 4-year-olds in the state's school aid formula. The bill also addresses how transportation costs are calculated for children participating in early childhood education programs.

While LB521 did not advance this session, its key components will be studied during the interim. First Five Nebraska believes that adjustments to the state aid formula have the potential to benefit school districts statewide, regardless of their equalization status. In effect, these adjustments could give children at risk quality early developmental opportunities, whether they live in the state's major metropolitan or rural communities.

As it stands, LB521 could be improved by incorporating greater accountability for TEEOSA dollars currently earmarked for quality early education programs. First Five Nebraska will collaborate with legislators, the Department of Education, public school administrators and other stakeholders to identify efficient, effective and equitable funding mechanisms to enable school districts to better meet the early learning needs of our youngest learners.

■ [First Five Nebraska's written testimony on LB521](#)

LB651: Retention Based on Third-Grade Reading Scores

LB651, introduced by Senator Linehan, was designed to promote children's reading proficiency in grades K-3, making advancement to grade 4 contingent upon assessment of a student's reading skills at the end of grade 3. The bill calls for developmental supports to be made available to students who are identified as being deficient in reading skills based on local and statewide assessments.

Reading competency is an essential component of children's academic success and lifelong outcomes. High-quality early learning investments can mitigate the deficiencies LB651 was designed to address. We need to promote early literacy skills at a time when children's brains are most developmentally prepared to receive them, preparing students to read and learn at an appropriate level alongside their peers in kindergarten and beyond.

Assuming LB651 returns next session, we ask the Legislature to widen the conversation and explore interventions that are more educationally effective and cost-efficient for Nebraska taxpayers. With appropriate modifications, we believe LB651 can live up to the responsibility we owe to Nebraska's taxpayers for their investment in the healthy development of our state's youngest citizens.

LB651 will be held over until the Legislature reconvenes in January 2018.

