



January 25, 2017

Senator Merv Riepe, Chair
Members of the Health and Human Services Committee
Nebraska Unicameral Legislature

RE: LB335

Chairman Riepe and Members of the Health and Human Services Committee,

Thank you for the opportunity to share our concerns on LB 335.

At First Five Nebraska, our work is focused on efforts that narrow the achievement gap for the 64,729 children ages 0-5 across our state most at risk of failing in school. Our work is driven by neuroscience and data, and a commitment to policies that are evidence-based, cost-efficient and demonstrate strong accountability to Nebraska taxpayers.

While we fully appreciate the state's budget climate, we would ask you to reconsider freezing rates for Nebraska's child care providers. Doing so will directly harm small businesses who are caring for children living in the most difficult circumstances and, in some instances, may leave providers with little choice but to refuse to provide services for Nebraska's at risk children.

The proposed rate freeze will help shore up the budget this year, but it is a short-term solution, which fails to address the underlying deficiencies with the way child care provider rates are established in Nebraska. For example, there is a significant disparity in the way we establish rates for urban and rural providers. Child care centers in rural Nebraska receive 30% less as compared to their counterparts in Douglas, Dakota, and Sarpy Counties, while rural Licensed Family Child Care Homes receive nearly 20% less.¹

Moreover, the current system fails to take into account the quality of early learning experiences. The child care subsidy is a significant public investment, with nearly \$90 million in public dollars spent on subsidized child care in Nebraska each year. In order to ensure these funds are spent wisely and receive the greatest possible return on investment, it makes sense to rethink our current approach of how we compensate providers. Rather than simply freezing child care provider rates, First Five Nebraska believes Nebraska should rethink the way rates are established and move to a cost model approach. Currently, we are working with private child care providers, state agencies, the business community and others to develop a cost model that Nebraska can use to set child care provider rates

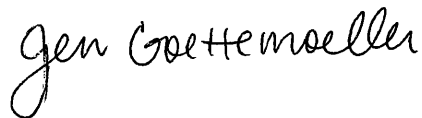
¹ Manual Letter #37-2015, Nebraska Department of Health and Human Services, Rev. July 1, 2015.

based on the level of quality they provide. We believe this can be done in a cost-neutral fashion that will address many of the deficiencies in the system and ensure a high level of accountability from child care providers.

Quality, affordable child care is essential to steering children towards lifelong learning, health and success. Research shows the first three years of life are a critical period of brain development. During this time, children build the core neural foundations that lead to school readiness and ongoing skill development from kindergarten to career. Children's earliest experiences, either positive or negative, determine how well their brains build the neural wiring essential to future learning, judgment and decision making. Unfortunately, 41% of young children in Nebraska ages 0-5 face significant obstacles that can disrupt their developing brain architecture and future learning. If, due to the proposed rate freeze, providers determine that it is not economically feasible for them to care for at-risk children, we risk widening the achievement gap for Nebraska children and placing significant future demands on the state's education, behavioral health, and corrections systems.

It is critical we acknowledge the serious budgetary challenges that confront us. Thank you for your service and for your efforts to think strategically about our state's economic future. We stand ready to work with you to build a Nebraska where every child can grow up to become a thriving, productive and self-sufficient citizen.

Sincerely,

A handwritten signature in cursive script that reads "Jen Goettemoeller".

Jen Goettemoeller, MSW
Senior Policy Associate
First Five Nebraska