

3 February 2016

The Honorable Mike Gloor, Chair  
Members of the Revenue Committee  
Nebraska Unicameral Legislature

RE: LB889

Chairman Gloor and Members of the Revenue Committee,

I know you go to great length to fully consider tax policy proposals brought before you, and I appreciate your attention to detail in pursuing incentives that will achieve very strategic purposes. Thank you for the opportunity to testify today.

Some of you may remember Dr. Jack Shonkoff, Director of the Center on the Developing Child at Harvard, who spent some time with Nebraska legislators, business leaders, and school administrators a few years ago. During his visit, he said, "The most expensive thing in early childhood is poor quality care with no return on investment." We couldn't agree more. First Five Nebraska's work is driven by neuroscience and data. We focus exclusively on policies impacting young children at risk of failing in school, and the high quality early experiences that close the achievement gap at the time it is most effective and least expensive to do so.

Senator Mello has brought an important concept forward with LB889. It will help address some of the workforce barriers we see for early childhood providers, as well as provide incentives for programs to improve their quality and serve the children most at risk of failing in school.

LB889 builds on the state's quality rating system which the Legislature established in 2013, but we do have a few questions to ensure the outcomes produced are most effective and the desired impact is achieved. We have shared those questions with Senator Mello's team and are working together on the following technical elements of the bill:

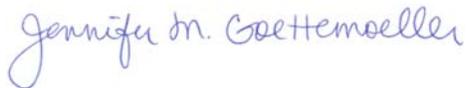
1. Section 6 of the introduced copy creates a tax credit for eligible staff members working in Nebraska child care environments. This is important because we know from research that the quality of the early childhood workforce is the single most important factor in programs that are successful in closing the achievement gap. Section 6 also directs the Nebraska Department of Education to design and implement a rating system for staff members receiving the credit. This is a good

approach, but without minimum standards for the Level One classification (which the introduced copy does not address), we could, in fact, be financially supporting low quality staff who don't have and can't demonstrate the skills that actually close the achievement gap for the very children we're ultimately trying to benefit. In our opinion, an amendment is needed to establish that the minimum criteria for that Level One classification is a Child Development Associate credential (CDA).

2. Section 5 of the bill is an important section for incentivizing child care programs to both improve their quality, as well as serve children at risk who often times can't get into higher quality programs because of the way providers are compensated. This section could incentivize better outcomes by placing time limits on lower quality levels. I believe Senator Mello is working on an amendment to limit the tax credits to Step Two providers to two years and Step Three providers to three years. First Five Nebraska believes this is a critical amendment.

We appreciate Senator Mello's continued leadership on high quality early childhood efforts and for his openness to these technical changes, which we ask you to incorporate before advancing the bill to General File.

Thank you,



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