



February 10, 2022

Senator John Arch, Chair  
Members of the Health and Human Services Committee  
Nebraska Legislature

RE: LB865

Chairperson Arch and Members of the Health and Human Services Committee,

My name is Dr. Katie Bass, and I am the Data and Policy Research Advisor representing First Five Nebraska. First Five Nebraska is a statewide public policy organization focused on supporting policies that promote quality early care and learning experiences for young children in Nebraska. I am writing in support of LB865, Senator DeBoer's bill to determine the rate of reimbursement for child care subsidy at the 75<sup>th</sup> percentile of the current market rate survey.

Research clearly shows that access to the child care subsidy results in a range of long-term benefits for Nebraska children, their families and our communities. High-quality child care builds the foundation for the skills that help children reach their full potential. And reliable child care is the cornerstone for Nebraska's workforce success by allowing parents to work and employers to have a stable workforce. Yet all too frequently, families struggle to find providers willing to accept the child care subsidy because the current reimbursement rates serve as a disincentive to participate in the program. Providers who do accept the child care subsidy often do so at the risk of their program stability.

Child care subsidy reimbursement rates are presently set at the 60<sup>th</sup> percentile of the current market rate survey. For many providers, this means the decision to provide care for children in the child care subsidy program equates to a loss of income relative to enrolling families who pay privately. Child care businesses already operate on extremely thin profit margins. By increasing the reimbursement rate to the 75<sup>th</sup> percentile, more providers will receive subsidy reimbursements equivalent to their private pay rates. This will align reimbursement rates more closely to the costs of providing care and encourage more providers to participate in the program.

Making it more financially appealing for providers to participate in the child care subsidy program means more children will have access quality child care environments. It will also benefit providers already accepting child care subsidy by increasing their reimbursements to better align with the costs of providing care. But to guarantee providers who accept the subsidy have the financial ability to provide quality care, we must ensure that the subsidy pays for the actual cost of quality.

Access to quality, stable child care has lasting positive impacts on children, their families and our communities. LB865 incentivizes child care businesses to accept the subsidy and supports those who already do. We ask you to advance LB865 to General File.

Sincerely,

A handwritten signature in black ink, appearing to read "Katie Bass". The signature is fluid and cursive, with a large initial "K" and "B".

Katie Bass, Ph.D.  
Data and Policy Research Advisor  
First Five Nebraska