



February 8, 2023

Senator Lou Ann Linehan, Chair  
Members of the Revenue Committee  
Nebraska Legislature

RE: LB318

Chair Linehan and Members of the Revenue Committee,

Thank you for allowing me to testify today. My name is Elizabeth Everett and I am Deputy Director of First Five Nebraska, a statewide public policy organization focused on promoting the care, education and well-being of Nebraska's youngest children. I am here today to testify in support of LB318 and would like to thank Senator Bostar for his leadership in championing this important bill.

Now more than ever, we know how heavily our state relies upon high-quality, affordable and accessible child care. Working parents depend upon it for the financial stability of their families. Employers depend upon it so workers can be fully engaged and productive at their jobs. Our state as a whole depends upon it to ensure our economic vitality and quality of life. But the demand for child care throughout Nebraska is rapidly outpacing the supply.

Seventy-five percent of Nebraska's children under age 6 have all available parents in the labor force. We rank sixth in the nation for children under age 6 who are being raised by a single mother who participates in the labor force. For these families, child care is not an option—it is a necessity. Despite the demand, the availability of child care in all parts of the state is getting worse. Compared to 2019, there are 10% fewer child care programs serving children ages 0-5 in Nebraska. This is particularly true of our family child care home providers, who make up nearly 70% of all licensed programs serving children below school age. Since 2019, these providers have decreased by 12.2% in Greater Nebraska and by 13.7% in metropolitan areas.

Why is the gap between supply and demand in child care growing? Child care offers neither financial stability nor an easy career path, whether you own a program or work for one. Delivering reliable, developmentally appropriate child care services is extremely costly. Most child care programs operate on extremely thin margins, while child care workers earn less than half the statewide median earnings for all occupations. As a result, a growing number of early childhood professionals are seeking employment opportunities elsewhere. With a 40% turnover rate among child care workers, programs of all sizes are struggling to stay fully staffed, and time that should be spent providing quality care to children is relegated to hiring and training.

The difficulties facing providers also means that parents work harder than ever to find affordable, reliable child care arrangements. I can personally attest to this. Despite the relative availability of child care in Lincoln, my husband and I could not find an open slot in a quality program until eight months after our daughter was born in 2021. With a second child on the way this spring, we are facing the same challenge while bracing for the enormous impact this will have on our household finances. Even with secure jobs and resources, we find it far from easy to navigate this challenge. Far too many other Nebraska parents are much less fortunate.

On its own, LB318 cannot fix Nebraska's broken child care system, but it does move us in the right direction by addressing three main concerns. The first is the financial burden on parents raising young children. The bill offers a refundable tax credit to parents and guardians with one or more children being cared for by a licensed provider, or a license-exempt provider who participates in the child care subsidy. The amount of the credit varies according to the family's household income.

Second, the bill addresses the financial burdens on providers by offering a nonrefundable tax credit to encourage private sector investment. The nonrefundable tax credit would be available to any individual or employer who makes a qualifying contribution to strengthen child care options. This includes establishing new programs, helping with the operating expenses of existing programs or funding professional development opportunities for child care staff. Qualifying contributions must be monetary, and the size of the nonrefundable credit varies according to the nature of the contribution and locations it benefits.

Finally, LB318 reauthorizes the School Readiness Tax Credit, which offers a tiered refundable credit to eligible child care professionals and a tiered nonrefundable credit to eligible child care businesses, especially those serving children through the child care subsidy. The overall goal of these credits is to make it easier for more programs to keep their doors open and help early childhood professionals remain engaged in this critical area of our statewide workforce.

You may have heard the saying that "everyone depends upon someone who depends upon child care." This is especially true in Nebraska, where working parents are critical to a dynamic labor force, a business-friendly environment and a thriving economy. In a larger sense, this bill also addresses the quality of life that Nebraska's children and families deserve. Nebraska's public and private sectors have a common stake in fixing Nebraska's broken, severely underfunded child care system. LB318 is a meaningful step in that direction.

Thank you for the opportunity to testify before you today. I am happy to take any questions you might have.

Sincerely,

A handwritten signature in black ink that reads "Elizabeth Everett". The signature is written in a cursive, flowing style.

Elizabeth Everett  
Deputy Director  
First Five Nebraska