



January 26, 2024

Senator Ben Hansen, Chair
Members of the Health and Human Services Committee
Nebraska Legislature

RE: LB856

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

My name is Dr. Katie Bass and I am the Policy and Research Advisor representing First Five Nebraska, a statewide public policy organization focused on supporting policies that promote quality early care and learning experiences for young children. I want to thank Senator Fredrickson for introducing LB856 and prioritizing this important piece of legislation that will have a substantial impact on Nebraska's child care workforce and the Nebraska workforce overall.

LB856 looks to mirror the success of Kentucky's innovative strategy to recruit and retain a stable child care workforce by making any employee who works 20 hours or more in a licensed child care eligible for child care subsidy, regardless of their household income. This strategy, born from child care programs' inability to compete for workers with industries able to provide better pay and benefits, is showing great success after one year, with 3,200 child care professionals participating in the program and child care centers reporting they are once again fully staffed and able to provide care for more children as a result.

The success seen in Kentucky has led to other states implementing similar programs, such as our neighbors in Iowa. And even more states are introducing legislation to do the same, like our neighbors in Colorado. And the need is here in Nebraska, where the child care workforce is 11% smaller than it was pre-pandemic, despite a full rebound of the overall Nebraska workforce. And with a median hourly wage for child care workers well below the state median wage (\$13.34 compared to \$21.20) and a turnover rate around 30%, Nebraska cannot afford to pass up an opportunity like this.

How does LB856 make early childhood professionals eligible for the subsidy?

This bill excludes all earned and unearned household income from the child care subsidy eligibility determination for early childhood professionals working 20 hours or more per week in licensed child cares, Head Start and Early Head Start programs. By doing so, the household automatically becomes income eligible, though families will still need to demonstrate the required need for care due to employment or education activities.

Amendment

Nebraska child care business owners have been overwhelmingly supportive of this legislation, though family child care providers and small center directors questioned whether the original language would

benefit their businesses, due to Nebraska's strict rules prohibiting caring for your own children while enrolled in the subsidy program.

It is for this reason that Senator Fredrickson has offered the amendment you received today. After extensive research, we found that family child care providers are not able to care for their own children and bill for subsidy, as this is not allowed federally. However, states do have the ability to allow family child care providers who are subsidy eligible to enroll their children in another program, an option not currently afforded to Nebraska family child care providers because of regulations, not statute. The amendment would make enrolling a child in a different program to receive subsidized care an option.

Similarly, Nebraska subsidy regulations state that an employee cannot be responsible for the care of their own children while enrolled in the child care subsidy. In discussions with center owners and directors, they say this is best practice and how they prefer to operate their businesses. However, in some circumstances like a small center in a rural area with just three full time staff, or a center that has an open floor plan, it is all but impossible to operate a business without staff having some direct contact with their own children during the workday. The amendment alleviates this issue, saying that a program should make reasonable accommodations to avoid having a parent-employee as the primary caregiver for their own children, but if no accommodations are available, staff may provide care to their own children, even if that care is subsidized.

Thank you for your time and attention today, I would encourage the Committee to advance LB856 with the amendment and am happy to answer any questions you may have.

Sincerely,

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

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