



February 6, 2025

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

RE: LB304

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

Thank you for allowing me to testify today. My name is Dr. Katie Bass, spelled K-A-T-I-E-B-A-S-S and I am the Policy Research Manager at First Five Nebraska. First Five Nebraska is a statewide public policy organization focused on promoting quality early care and learning opportunities for Nebraska's youngest children. I am here to testify in support for LB304, eliminating the sunset for expanded income eligibility for the subsidy program and want to thank Senator DeBoer for introducing this legislation and her commitment to the families who rely on the child care subsidy program and the providers who support them.

In 2021, LB485 changed the income threshold for initial eligibility for the child care subsidy program from 130% of the Federal Poverty Level, or FPL, to 185% FPL. The legislation also expanded transitional child care assistance for families already enrolled in the program from 185% FPL to 200% FPL.

As part of LB485, the Legislature smartly included an impact study to be conducted by a private nonprofit organization at no cost to the state and in collaboration with the Nebraska Department of Health and Human Services (NDHHS). First Five Nebraska received the subaward to conduct the study. The goal of the study was to determine the impact of expanded income eligibility to give the Legislature the information needed to determine if the eligibility limits should become permanent or sunset on October 1, 2026.

First Five Nebraska, in partnership with the Bureau of Business Research at the University of Nebraska-Lincoln and consultants from the Nebraska Early Childhood Collaborative and the National Institute for Early Education Research, completed the impact study last year. NDHHS submitted the legislative report on August 30, 2024, and First Five Nebraska published the complete technical report on our website. The study was comprehensive and included analysis of the child care subsidy administrative data and interviews with parents, child care providers and community members who were affected by income eligibility changes. I have included the legislative report with my testimony and today would like to highlight the findings (pages 5 and 6) that demonstrate why removing the sunset is a good policy decision.

- If Nebraska income eligibility limits were to sunset, Nebraska would rank 50th in the nation for income eligibility requirements (page 7) and have the lowest eligibility thresholds among our neighboring states.

- Even with expanded income eligibility limits, by the end of the study period there were still 15% fewer children and families enrolled in the child care subsidy program than in 2019. (page 11)
- After income expansion, a higher proportion of families entered the subsidy program employed. And even more insightfully, more families moved from a non-employment category to an employment category as their qualifying reason for care. The overarching goal of the subsidy program is to put families on a pathway to self-sufficiency. As one parent we spoke to said, “Without subsidy, I wouldn’t be able to have my kids in daycare, which means I wouldn’t be able to work.” (page 15)
- Just over 2,500 families who were newly eligible for the subsidy due to the income eligibility changes enrolled in the program. As required by statute, federal funds cover the cost of their participation in the program—a requirement that remains with LB304. And the economic impact analysis conducted by the Bureau of Business Research estimates that participation in the program by these families resulted in an annual impact between \$5.81 million and \$8.93 million for Nebraska during FY2022-23. (page 13)
- While the child care subsidy program does not track child development data and therefore we could not quantify those impacts, both parents and child care providers highlighted the developmental gains children experienced because the subsidy program gave them access to child care with individuals trained to nurture children’s development and identify when additional developmental resources were needed.

I also want to be transparent that not every finding from the impact study was positive. Both parents and child care providers expressed frustration with the administrative burdens for the program, which is detailed in the technical report. And many child care providers said that because the reimbursements for families enrolled in the subsidy program tend to be lower than the income generated from providing care for families who pay privately, overall revenue can decrease if they provide care for a larger proportion of families on the subsidy program. At First Five Nebraska we are committed to seeking solutions both legislatively and administratively to address these very real problems. Despite this, every child care provider we spoke to thought income expansion should remain, as it benefits families overall and is important to their community because those who are in the newly eligible category would likely struggle to pay their child care bills or drop out of the workforce entirely should the subsidy no longer be available to them.

LB304 will remove the sunset, making the current eligibility limits permanent. This will ensure Nebraska children have access to the quality child care they need and families can remain engaged in the workforce. Thank you for your time and consideration today. I am happy to answer any questions you may have.

Sincerely,



Katie Bass, Ph.D.
Policy Research Manager
First Five Nebraska