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February 26, 2015

To: Members of the Health and Human Services Committee
From: Aubrey Mancuso, Policy Coordinator – Economic Stability and Health
Re: Support for LB 81

Voices for Children would like to express our support for LB 81 and thank Senator Cook for bringing this bill forward. The child care subsidy program is a critical work support for parents and also helps to ensure the safety and well-being of our state's children.

Nebraskans are hard working and have a strong work ethic. Nebraska currently ranks fifth nationally for the highest number of mothers in the workforce¹ and 70% of kids under six have all available parents in the workforce². The child care subsidy program helps make child care affordable for lower income working families who may otherwise be unable to work or afford formal child care.

As some on this committee are likely aware, in 2002, then-Governor Mike Johanns line-itemed vetoed \$4.5 million from the child care assistance program, reducing the eligibility requirement from 185% of the federal poverty level to 120%. This decision was made based on budget considerations, and not on the significant evidence that demonstrates the importance of access to affordable and quality child care. In the decade since this cut, the cost of child care has continued to rise and income eligibility for the program has remained among the lowest in the entire country at 42nd.³

Child care consumes a significant portion of family budgets, with the cost of infant care in Nebraska exceeding the cost of in-state public college tuition and the cost of care for two children equal to average annual mortgage payments.⁴

What Nebraska's low income eligibility has meant for many lower income working families, and especially for working mothers, is that they are forced to choose between increasing their earning potential or maintaining incomes low enough for child care assistance. Although we have heard this story anecdotally for many years, in 2014 we set out to better understand this challenge by conducting surveys and focus groups with low-income women. Attached to my testimony is a report that compiles the results of these surveys and focus groups.

Not surprisingly, the "cliff effect" emerged as a significant challenge for lower income families participating in public assistance programs. A total of 46% of respondents who had participated in public assistance programs had faced the cliff and 55% of those in the child care subsidy program had experienced the cliff. In addition, 52% of

¹ Omaha World Herald "Nebraska Ranks Fifth in Working Mothers" May 2014

² Kids Count in Nebraska Report (2014)

³ National Women's Law Center *State Child Care Assistance Policies 2013*

⁴ Child Care Aware, *Parents and the High Cost of Child Care 2012*

those who had faced the cliff had used a coping strategy in order to continue to meet monthly expenses. The most common coping strategy was cutting hours at work, followed by not getting married, not taking a raise, and not accepting a job offer. The cliff effect serves as a disincentive for these positive economic behaviors by cutting families off immediately rather than allowing for a more gradual and realistic transition off of assistance.

LB 81 would mean a partial restoration of 2002 eligibility levels by allowing families two years of transitional assistance at up to 185% of the federal poverty level. This is the same allowance we give to families transitioning off of the Aid to Dependent Children (ADC) program and will allow families to take raise or a better job while still being able to afford child care.

Finally, I want to end with the words of Sandra, one of our focus group participants, speaking about the challenges she has faced as a low-income mother. "If I were sitting in front of the voters now, the people making all the decisions, I would just tell them, from a personal standpoint, I'm not lazy. I do whatever I have to do for my family to survive. If that means working two to three jobs, I will do that, but stop knocking me down every time I think I have my foot through the door. Stop kicking me before I even get a chance to stand up."

We urge the committee to advance this bill. Thank you.