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February 21, 2020

To: Members of the Health and Human Services Committee  
From: Julia Isaacs Tse, Policy Coordinator for Economic Stability and Health  
**RE: Support for LB 1049 - Provide for participation in federal Child Care Subsidy child care assistance as prescribed**

Parents need to know that their children are in a safe and enriching environment while they are working. Quality early childhood programs give children the best chance for success later in life, but balancing work and child care is challenging for many parents. Voices for Children in Nebraska supports LB 1049 because it supports parents in accessing child care as they work toward a better future for their children.

#### **Nebraska is one of the most expensive states in the country for child care.<sup>i</sup>**

The child care subsidy program helps put child care costs within reach for working parents, but current policy prevents many Nebraska parents from accessing it. Eligibility for the subsidy is currently set at one of the lowest levels in the country, at 130% of the federal poverty level (FPL), or \$27,732 annually for a family of 3 (\$2,311 monthly or \$13.33 hourly).<sup>ii</sup>

#### **Nebraska parents are working hard, but hard work doesn't always pay.**

Workforce participation among Nebraska parents of children under age 6 is the fifth-highest in the nation at 73%<sup>iii</sup> and Nebraska workers rank fourth in the nation for multiple jobholding, with nearly 8% of Nebraska workers holding more than one job.<sup>iv</sup> But more and more, hard work isn't enough to pay the bills. Over 17% of Nebraska jobs pay less than a poverty wage for a family of four, while a quarter of Nebraska families struggle with income volatility from month to month.<sup>v</sup>

#### **Young children are more likely to live in poverty than any other age group.<sup>vi</sup>**

Skyrocketing child care costs exacerbates the many pressures that parents of young children face, including unstable work schedules, lack of access to paid leave, low pay, and household debt. Parents of children under age 6—especially single parents—are significantly more likely to live in poverty, even after controlling for age, educational attainment, and race, than other households. The negative effect on income and work among families with young children only eases when children reach school age.<sup>vii</sup> LB 1049 helps offset one of the biggest household budget items for families with young children—child care.

**Increasing access to child care assistance would lower rates of child poverty in Nebraska.** Child care assistance means low-income parents would be better able to meet their children's needs. The Urban Institute recently

modeled the impact of increasing access to child care subsidies across the country to 150% of FPL, as is proposed in LB 1049. The microsimulation model simulates the real effect of strengthening parents' ability to work and increasing household income, finding that an estimated 1,500 Nebraska mothers would enter the workforce, 3,000 children would have parents newly entering the workforce, and 3,300 fewer Nebraska children would be living in poverty for a 6% reduction in our child poverty rate.<sup>viii</sup>

**LB 1049 is a long overdue investment in Nebraska children.** Our current system forces parents to make untenable decisions that help pay the bills in the short term but set them backwards in the long term—find a second or third job, leave the workforce, decline a raise, choose a less costly but lower quality provider, refuse a promotion, cut back to part-time hours. These are all real decisions that real Nebraska parents make every day in the best interests of their family.<sup>ix</sup> Eligibility for child care assistance in Nebraska was once much closer to a living wage, at 185% of FPL, until a line-item veto during a budget crisis in 2002. Eligibility was cut from \$27,700 to just \$18,300 in 2002 dollars at a time when annual child care costs averaged \$4,400.<sup>x</sup> Today, that same family, earning \$27,700 is just \$32 away from being ineligible for child care at a time when they can expect to spend nearly half of their income on child care.

LB 1049 is this Legislature's opportunity to make amends on a broken promise that lawmakers made to Nebraska parents nearly 20 years ago to restore the program in a better budget year. The bill would ensure that more Nebraska parents can work knowing their children are in a safe and enriching environment without sacrificing their career or time with their family. We thank Senator Bolz for her continued leadership on this issue and this committee for their time and consideration. We would respectfully urge you to advance LB 1049.

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<sup>i</sup> "The US and the High Price of Child Care: An Examination of a Broken System," Child Care Aware of America, 2019, <http://usa.childcareaware.org/priceofcare>.

<sup>ii</sup> Karen Schulman, "Overdue for Investment: State Child Care Assistance Policies 2018," National Women's Law Center, October 2018, <https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/11/NWLC-State-Child-Care-Assistance-Policies-2018.pdf>. "July 1, 2019 Child Care Subsidy Federal Poverty Levels (FPL)," Nebraska Department of Health and Human Services, Guidance Document DOC00366, July 2019, [http://dhhs.ne.gov/Guidance%20Docs/2019%20Child%20Care%20Subsidy%20Federal%20Poverty%20Levels%20\(FPL\).pdf](http://dhhs.ne.gov/Guidance%20Docs/2019%20Child%20Care%20Subsidy%20Federal%20Poverty%20Levels%20(FPL).pdf).

<sup>iii</sup> "Children under age 6 with all available parents in the labor force in the United States," *Kids Count Data Center*, Annie E. Casey Foundation, <https://datacenter.kidscount.org/>.

<sup>iv</sup> Susan Campolongo, "Multiple Jobholding in States in 2015," *Monthly Labor Review*, U.S. Bureau of Labor Statistics, February 2017, <https://www.bls.gov/opub/mlr/2017/article/multiple-jobholding-in-states-in-2015.htm>.

<sup>v</sup> *Prosperity Now Scorecard 2020*, Prosperity Now, <https://scorecard.prosperitynow.org/>.

<sup>vi</sup> In 2018, 15% of Nebraska children under age 6 were living in poverty, compared to 13% of children under age 18, 11% of adults, and 11% of those over age 65. "Children in poverty by age group in Nebraska," *Kids Count Data Center*, Annie E. Casey Foundation, <https://datacenter.kidscount.org/>. "Poverty Rate by Age," *State Health Facts*, Kaiser Family Foundation, <http://kff.org/statedata/>.

<sup>vii</sup> Amy Traub, Robert Hiltonsmith, and Tamara Draut, "The Parent Trap: The Economic Insecurity of Families with Young Children," Demos, 2016, <https://www.demos.org/research/parent-trap-economic-insecurity-families-young-children>.

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<sup>viii</sup> Linda Giannarelli, et al., “What if We Expanded Child Care Subsidies? A National and State Perspective,” Urban Institute, June 2019, [https://www.urban.org/sites/default/files/publication/100284/what\\_if\\_we\\_expanded\\_child\\_care\\_subsidies\\_3.pdf](https://www.urban.org/sites/default/files/publication/100284/what_if_we_expanded_child_care_subsidies_3.pdf)

<sup>ix</sup> “Opportunity Costs, Workforce Loss: Nebraska’s Child Care Problem,” Voices for Children in Nebraska, February 2019, <https://voicesforchildren.com/wp-content/uploads/2019/02/Opportunity-Costs-IB-2-19.pdf>.

<sup>x</sup> All dollar values noted are in current year dollars, unadjusted for inflation in real dollars. “The 2002 HHS Poverty Guidelines,” U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, <https://aspe.hhs.gov/2002-hhs-poverty-guidelines>. “The 2003 HHS Poverty Guidelines,” U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, <https://aspe.hhs.gov/2003-hhs-poverty-guidelines>.

LD	Senator	Parental workforce participation <sup>xi</sup>	3-4 year olds in school <sup>xii</sup>	Infant child care cost <sup>*xiii</sup>	Toddler child care cost <sup>*xiv</sup>	Child care capacity per 100 children under 6 <sup>*xv</sup>	Median household income <sup>xvi</sup>	Children in poverty <sup>xvii</sup>
1	Slama	76.10%	45.90%	\$7,250	\$7,000	63	\$52,257	17.90%
2	Clements	72.20%	64.20%	\$8,313	\$8,025	86	\$74,615	6.80%
3	Blood	72.00%	34.80%	\$9,375	\$9,050	91	\$75,972	6.10%
4	Hilkemann	77.20%	41.60%	\$9,375	\$9,050	90	\$104,150	5.90%
5	McDonnell	68.20%	19.30%	\$9,375	\$9,050	90	\$45,008	23.90%
6	Cavanaugh	79.40%	40.70%	\$9,375	\$9,050	90	\$60,075	7.00%
7	Vargas	55.20%	32.20%	\$9,375	\$9,050	90	\$41,117	38.70%
8	Hunt	68.60%	47.30%	\$9,375	\$9,050	90	\$53,031	22.90%
9	Howard	73.30%	35.00%	\$9,375	\$9,050	90	\$49,359	20.60%
10	DeBoer	72.50%	49.30%	\$9,375	\$9,050	90	\$73,460	9.60%
11	Chambers	70.20%	41.60%	\$9,375	\$9,050	90	\$28,163	46.90%
12	Lathrop	80.70%	39.40%	\$9,375	\$9,050	90	\$59,111	7.60%
13	Wayne	74.10%	37.80%	\$9,375	\$9,050	90	\$44,679	32.10%
14	Arch	74.90%	41.30%	\$9,375	\$9,050	91	\$81,236	5.30%
15	Walz	63.10%	36.30%	\$7,250	\$7,000	118	\$53,101	20.80%
16	Hansen	70.90%	50.50%	\$7,250	\$7,000	65	\$61,464	9.70%
17	Albrecht	70.00%	43.30%	\$7,958	\$7,683	60	\$55,095	24.60%
18	Lindstrom	81.10%	36.20%	\$9,375	\$9,050	90	\$74,668	12.60%
19	Scheer	75.90%	48.50%	\$7,250	\$7,000	82	\$53,655	20.60%
20	McCollister	76.90%	43.10%	\$9,375	\$9,050	90	\$66,040	9.80%
21	Hilgers	80.70%	34.20%	\$9,375	\$9,050	87	\$63,901	15.10%
22	Moser	80.20%	40.50%	\$7,250	\$7,000	62	\$61,866	10.10%
23	Bostelman	71.00%	42.30%	\$7,250	\$7,000	54	\$62,490	13.10%
24	Kolterman	69.40%	59.40%	\$7,250	\$7,000	74	\$63,564	10.20%
25	Geist	73.90%	60.80%	\$9,375	\$9,050	87	\$86,489	5.30%
26	M. Hansen	83.90%	32.80%	\$9,375	\$9,050	87	\$54,180	15.90%
27	Wishart	66.40%	28.60%	\$9,375	\$9,050	87	\$54,244	15.70%
28	Pansing Brooks	68.60%	55.50%	\$9,375	\$9,050	87	\$47,592	18.60%
29	Bolz	80.30%	58.10%	\$9,375	\$9,050	87	\$63,826	7.10%
30	Dorn	78.30%	43.70%	\$8,313	\$8,025	87	\$65,068	7.70%
31	Kolowski	67.20%	51.90%	\$9,375	\$9,050	90	\$100,306	4.60%
32	Brandt	74.00%	51.30%	\$7,675	\$7,410	86	\$53,351	12.60%
33	Halloran	72.80%	46.70%	\$7,250	\$7,000	73	\$53,862	16.30%
34	Friesen	81.50%	43.90%	\$7,250	\$7,000	68	\$60,964	12.20%
35	Quick	64.20%	40.00%	\$7,250	\$7,000	71	\$49,671	22.30%
36	Williams	73.60%	44.40%	\$7,250	\$7,000	71	\$52,536	17.70%
37	Lowe	74.40%	44.10%	\$7,250	\$7,000	92	\$55,143	16.10%

LD	Senator	Parental workforce participation	3-4 year olds in school	Infant child care cost	Toddler child care cost	Child care capacity per 100 children under 6	Median household income	Children in poverty
38	Murman	80.40%	41.30%	\$7,250	\$7,000	79	\$54,275	13.70%
39	Linehan	75.00%	49.60%	\$9,375	\$9,050	90	\$105,074	2.60%
40	Gragert	79.50%	46.30%	\$7,250	\$7,000	53	\$55,366	12.40%
41	Briese	78.80%	45.90%	\$7,250	\$7,000	49	\$52,866	11.30%
42	Groene	56.60%	43.20%	\$7,250	\$7,000	75	\$56,794	14.60%
43	Brewer	71.00%	55.70%	\$7,250	\$7,000	52	\$49,289	18.40%
44	Hughes	68.00%	36.30%	\$7,250	\$7,000	64	\$50,494	12.70%
45	Crawford	67.90%	31.10%	\$9,375	\$9,050	91	\$63,337	12.30%
46	Morfeld	62.60%	24.20%	\$9,375	\$9,050	87	\$36,761	37.60%
47	Erdman	75.40%	41.00%	\$7,250	\$7,000	46	\$50,855	12.50%
48	Stinner	76.90%	57.50%	\$7,250	\$7,000	76	\$50,157	18.70%
49	Grone	78.90%	46.30%	\$9,375	\$9,050	91	\$91,893	3.40%

\* Due to data limitations this figure is for the entire county in which any part of the legislative district lies.

<sup>xi</sup> Parental workforce participation is the percentage of children under 6 who have all available parents in the workforce. "Selected Characteristics for Nebraska Legislative Districts from the American Community Survey, 2017 5-year estimates," Center for Public Affairs Research, University of Nebraska Omaha, <https://www.unomaha.edu/college-of-public-affairs-and-community-service/center-for-public-affairs-research/programs/nebraska-state-policy-initiative.php>.

<sup>xii</sup> *Ibid.*

<sup>xiii</sup> Greg W. Welch et al., "Nebraska Child Care Market Rate Survey Report 2019," Buffet Early Childhood Institute at the University of Nebraska, <http://dhhs.ne.gov/Child%20Care%20Market%20Rate%20Surveys/2019%20Market%20Rate%20Survey%20Report.pdf>.

<sup>xiv</sup> *Ibid.*

<sup>xv</sup> Voices for Children in Nebraska analysis of licensed child care provider capacity per 100 children under 6 with all available parents employed. "Early Childhood Capacity by County," Nebraska Department of Health and Human Services. "Table B23008," U.S. Census Bureau, 2016 American Community Survey 5-Year Estimates. Due to data limitations this figure is for the entire county in which any part of the legislative district lies.

<sup>xvi</sup> "Selected Characteristics for Nebraska Legislative Districts from the American Community Survey, 2017 5-year estimates," Center for Public Affairs Research.

<sup>xvii</sup> *Ibid.*