February 11, 2022

To: Senator Arch and Members of the Health and Human Services Committee

From: Aubrey Mancuso, Executive Director

Re: Support for LB 865

Access to affordable child care helps ensure children are well cared so parents can work. Voices for Children supports LB 865 because it would invest federal dollars in supporting child care providers caring for children from families with lower incomes as we work to recover from the pandemic.

Rates are currently set based on a market rate survey of licensed providers conducted every 2 years, which in recent years has been conducted by the Buffet Early Childhood Institute. By statute, the state is required to set rates between the 60th -75th percentile of current market rates and adjust rates in odd numbered fiscal years. This means that the state has to set rates that are consistent with 60-75% of the market.

Last year, this legislature passed Senator DeBoer’s bill, LB 485, which invested some of the federal COVID relief dollars in increasing access to affordable child care for families. LB 865 would take the additional step of increasing provider payment rates to ensure that child care remains available.

Prior to the pandemic, we know that the majority of Nebraska families with kids under 6 - over 75% - had all available parents in the workforce.

Child care was among the industries significantly impacted by the COVID-19 pandemic, with providers struggling to keep up with illness among staff and students, changing public health standards, and irregular work schedules for parents. The pandemic put additional strain on an economically fragile system.

One of the main reasons that child care is expensive is because of the teacher-student ratios required to create safe and positive environments for kids. In order to truly create a thriving child care system, states should make targeted investments in strengthening the child care system. Nebraska has underinvested in child care for many years.

With regard to provider rates, the federally recommended floor to create parity between providers in the subsidy program and the private market is the 75th percentile of current market rates. Nebraska has also made cuts to the child care subsidy program over the years to address budget deficits. In 2002, then Governor Johanns line-item vetoed funding for the child care subsidy program, resulting in a decrease in eligibility that has never been restored. In 2011, provider rates were temporarily cut due to a budget shortfall. Now, Nebraska has the opportunity to invest available dollars in child care to stabilize the industry as we continue to navigate a challenging time. We urge you to advance LB 865. Thank you.